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Pt. 52-54



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NATIONAL DEFENSE MIGRATION

HEARINGS

BEFORE THE

**SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION
HOUSE OF REPRESENTATIVES**

SEVENTY-SEVENTH CONGRESS

SECOND SESSION

PURSUANT TO

H. Res. 113

**A RESOLUTION TO INQUIRE FURTHER INTO THE INTERSTATE
MIGRATION OF CITIZENS, EMPHASIZING THE PRESENT
AND POTENTIAL CONSEQUENCES OF THE
MIGRATION CAUSED BY THE NATIONAL
DEFENSE PROGRAM**

PART 34

WASHINGTON HEARINGS

SEPTEMBER 15, 16, AND 17, 1942

Printed for the use of the Select Committee Investigating
National Defense Migration



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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1942

SELECT COMMITTEE INVESTIGATING NATIONAL DEFENSE
MIGRATION

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JOHN J. SPARKMAN, Alabama *Nov 19 1951* CARL T. CURTIS, Nebraska
LAURENCE F. ARNOLD, Illinois GEORGE H. BENDER, Ohio

ROBERT K. LAMB, *Staff Director*

CONTENTS

	Page
List of witnesses.....	v
List of authors.....	vii
Tuesday, September 15, 1942, morning session.....	13055
Testimony of James P. Mitchell.....	13055
Statement by James P. Mitchell.....	13064
Testimony of Maj. Gen. Lewis B. Hershey.....	13066, 13070
Statement by Maj. Gen. Lewis B. Hershey.....	13066
Wednesday, September 16, 1942, morning session.....	13111
Testimony of Paul V. McNutt.....	13111, 13121, 13128
Statement by Paul V. McNutt.....	13113
Testimony of Brig. Gen. Frank J. McSherry.....	13125
Testimony of Wendell Lund.....	13145, 13161
Statement by Wendell Lund.....	13146, 13153, 13165
Testimony of Paul H. Norgren.....	13163
Testimony of Donald M. Nelson.....	13170
Statement by Donald M. Nelson.....	13202, 13222
Introduction of exhibits.....	13228
Exhibit 1. Executive order establishing the War Manpower Commission.....	13229
Exhibit 2. Directives I-XII issued by the Chairman of the War Manpower Commission.....	13231
Exhibit 3. Statistical data on manpower submitted by War Manpower Commission, Washington, D. C.....	13242
Exhibit 4. Area allocation of war supply contracts according to adequacy of labor supply; report released by War Manpower Commission, Industrial and Agricultural Employment Division, Washington, D. C.....	13255
Exhibit 5. Relation of manpower mobilization to procurement, by John J. Corson, Director, United States Employment Service, Federal Security Agency, Social Security Board, Washington, D. C.....	13258
Exhibit 6. Manpower functions of Civilian Personnel Division, Services of Supply, War Department, documents submitted by Leonard J. Maloney, Chief, Manpower Branch, Civilian Personnel Division, Services of Supply, War Department, Washington, D. C.....	13261
Exhibit 7. Placement of contracts in relation to labor supply, by John J. Corson, Chief, Industrial and Agricultural Employment Division, War Manpower Commission, Washington, D. C.....	13313
Exhibit 8. Statistical data on unmarried Selective Service registrants submitted by Maj. Gen. Lewis B. Hershey, Director, Selective Service System, Washington, D. C.....	13314
Index.....	13315

LIST OF WITNESSES

WASHINGTON HEARINGS, SEPTEMBER 15, 16, 17, 1942

	Page
Hershey, Maj. Gen. Lewis B., Director, Selective Service System, Washington, D. C.-----	13066, 13070
Lund, Wendell, Director, Labor Production Division, War Production Board, Washington, D. C.-----	13145, 13161, 13165
McNutt, Paul V., Chairman, War Manpower Commission, Washington, D. C.-----	13111, 13121, 13128
McSherry, Brig. Gen. Frank J., Director of Operations, War Manpower Commission, Washington, D. C.-----	13125
Mitchell, James P., Director, Civilian Personnel Division, Services of Supply, War Department, Washington, D. C.-----	13055
Nelson, Donald M., Chairman, War Production Board, Washington, D. C.	13170
Norgren, Paul H., Acting Chief, Industry Consultant Branch, Labor Production Division, War Production Board, Washington, D. C.-----	13163

LIST OF AUTHORS

OF PREPARED STATEMENTS AND EXHIBITS

	Page
Corson, John J., Chief, Industrial and Agricultural Employment Division, War Manpower Commission, Washington, D. C.-----	13313
Corson, John J., Director, United States Employment Service, Federal Security Agency, Social Security Board, Washington, D. C.-----	13258
Hershey, Maj. Gen. Lewis B., Director, Selective Service System, Wash- ington, D. C.-----	13066, 13314
Industrial and Agricultural Employment Division, War Manpower Com- mission, Washington, D. C.-----	13255
Lund, Wendell, Director, Labor Production Division, War Production Board, Washington, D. C.-----	13146, 13153
McNutt, Paul V., Chairman, War Manpower Commission, Washington, D. C.-----	13113, 13231
Maloney, Leonard J., Chief, Manpower Branch, Civilian Personnel Di- vision, Services of Supply, War Department, Washington, D. C.-----	13261
Mitchell, James P., Director, Civilian Personnel Division, Services of Supply, War Department, Washington, D. C.-----	13064
Nelson, Donald M., Chairman, War Production Board, Washington, D. C.-----	13202, 13222
War Manpower Commission, Washington, D. C.-----	13242

NATIONAL DEFENSE MIGRATION

TUESDAY, SEPTEMBER 15, 1942

MORNING SESSION

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The committee met, pursuant to notice, at 9 a. m., September 15, 1942, in room 1102, New House Office Building, Washington, D. C., Hon. John H. Tolan (chairman), presiding.

Present: Representatives John H. Tolan (chairman), of California; John J. Sparkman, of Alabama; George H. Bender, of Ohio; Carl T. Curtis, of Nebraska; and Laurence F. Arnold, of Illinois.

Also present: Dr. Robert K. Lamb, staff director.

Mr. SPARKMAN. Mr. Mitchell, will you come forward, please?

TESTIMONY OF JAMES P. MITCHELL, DIRECTOR, CIVILIAN PERSONNEL DIVISION, SERVICES OF SUPPLY, WAR DEPARTMENT, WASHINGTON, D. C.

Mr. SPARKMAN. Mr. Mitchell, I understand that you have an appointment at 10, or a few minutes after, so we will move as speedily as we can in order to release you in time for that appointment.

The committee this morning is starting a series of hearings for the purpose of inquiring further into the manpower needs set-up in the program that we are now engaged in.

We have prepared some questions to ask you. The matter in which we are interested is one that has a lot of involvements, a lot of implications, and for me a good many confusing technicalities, so I hope you will pardon the use of these formal prepared questions that I shall submit to you.

It is our understanding from your press release of July 16 and from discussions with members of your staff that at the present time, in a number of tight labor markets, the Civilian Personnel Division has sent representatives to study the utilization of manpower within the war plants themselves. After such a survey, these liaison officers contact the war contractor, the supply and material inspectors, and the local employment and training offices in order to obtain a solution to the particular labor utilization problem which they have observed. Do you consider that this is a key function of the Civilian Personnel Division?

COORDINATING RESPONSIBILITY OF SERVICES OF SUPPLY

Mr. MITCHELL. May I put it in another way, Mr. Congressman? The Services of Supply is responsible for the coordination and supervision of eight major supply organizations of the War Department,

which include the Quartermaster, Corps of Engineers, Ordnance, Chemical Warfare, and Signal Corps. All of these agencies operate at a local level, and it is there that the liaison officers are most effective in coordinating the labor supply needs of those procurement agencies, and bringing to bear in the problems of those procurement agencies the various facilities of the other governmental agencies which are set up to assist the war contractors in solving their labor supply problems.

For example, the liaison officer, in his contact with the procurement officer of Ordnance, may discover X plant is in need of additional employees or is having difficulty with its training program. In that event, the liaison officer makes contact with the proper agency of the War Manpower Commission or the War Production Board, such as the Training-Within-Industry Agency, the United States Employment Service, and brings to these agencies our needs, that is, the War Department needs.

Mr. SPARKMAN. From our own investigation we know that Government plants are as greatly overstaffed as private plants. We know, for example, that machinists are frequently ordered when machine operators are needed, and that all-around machinists are frequently employed at jobs which are really machine operators' jobs. What specifically does the Civilian Personnel Division intend to do about overstaffing in the plants of war contractors?

Mr. MITCHELL. It is making an assumption that they are overstaffed, sir.

Mr. SPARKMAN. Yes. I stated in the beginning that we had reached a conclusion that many of them are overstaffed.

MAXIMUM UTILIZATION OF AVAILABLE LABOR

Mr. MITCHELL. I see. Well, that is both a labor supply and a production problem. The War Department is concerned with the maximum utilization of labor. It becomes a problem not only of our division, which is concerned with labor supply, but also of the production divisions which are concerned with the availability of materials. I do not think you can separate the availability of materials and the availability of manpower. As you may have noted, in some war production plants, the jobs may be overmanned. Oftentimes, management, in anticipation of materials, has hired men, and the materials not being forthcoming they have held the men. We feel that our responsibility as a procurement agency is to see that our contractors make the maximum utilization of available labor and of available materials. Our procurement officers are instructed to see that plants are not overmanned, and are constantly bringing to the attention of those contractors who are overmanning plants their responsibility for seeing that adequate but not too many people are used on a particular operation.

Mr. SPARKMAN. Do they also try to see that the proper persons are used in the proper jobs? What I mean by that, take the example that I just used, for instance, that machinists are not used simply for machine operators' jobs.

Mr. MITCHELL. Yes, sir. Although we do not have the organization to make a detailed inspection of the occupational skills and the use of those skills of every employee in a war plant, we have insisted with our contractors that our production requirements are met. We

do use whatever sanctions our contract permits us to see that contractors do not waste skills, and the use of a machinist as a machine hand is a waste of skill.

Mr. SPARKMAN. Now, you say you use whatever sanctions are provided by the contract. Just how far do those sanctions go?

Mr. MITCHELL. Not very far, sir, except that the procurement officer in the field is in very close association with his contractors. He may have contractor A and contractor B both producing for him.

If contractor A is using skills wastefully, he has many ways of calling that to his attention: Priorities in materials, priorities in machinery, and so forth. There is nothing in the contract that permits him to use sanctions, but the relationship is such that I believe the contracting officer does and can help that situation very much.

Mr. SPARKMAN. Does that apply likewise to the matter of over-staffing?

Mr. MITCHELL. Yes, sir.

MANPOWER PROBLEMS IN COPPER INDUSTRY

Mr. SPARKMAN. In the development of the recent copper order, we understand that the initiative for this order came from your office, and that your office proposed that the Army should issue the order subsequently issued by Mr. McNutt. Why was the order not issued by the War Department to its contractors?

Mr. MITCHELL. Of course, the War Department has been aware, probably is in the position of being the first to be aware, of the shortage of basic materials, and the copper shortage is one that has given great concern for some months. Last June, at our suggestion, a meeting was called of all of the agencies concerned with labor supply or manpower, which included the War Manpower Commission, the War Production Board, ourselves, the Army and Navy Munitions Board, and the Navy, to examine the manpower problem so far as copper was concerned. As the result of a series of meetings of those agencies a program was drawn up in which each agency participated; that is, the War Labor Board was concerned with the stabilization of wages in the copper industry; the housing people were concerned with providing adequate housing; the Manpower Commission, with the recruitment of labor.

There were many factors which caused the lack of labor supply in the copper mines. Subsequently the problem of the hiring away of workers from the copper mines by war contractors presented itself. That problem was discussed jointly by the Army and Navy, the War Production Board, the War Manpower Commission. It would not have been of any benefit for any one agency to have issued an instruction by itself. It required the united action of all agencies and all contractors in that area. That is the reason why it was necessary for the War Manpower Commission, in order to get the united action of all contractors, to issue that directive.

SURVEYS OF LABOR CONDITIONS BY WAR MANPOWER COMMISSION

Mr. SPARKMAN. It is our understanding that the Civilian Personnel Division has already advised the contract services of the armed forces on the availability of labor. In fact, as we understand it, several

contracts have already been taken out of tight labor market areas upon the advice of the Civilian Personnel Division. Would you describe several cases of this for us?

Mr. MITCHELL. We have an arrangement with the War Manpower Commission, with the Director of Operations, to keep us advised of tight labor markets—critical shortages in various areas. That is a periodic flow of information which comes to us from the War Manpower Commission. Acting on that information, we advise our procurement agencies of shortages and overages in labor in any particular areas. As the result of that advice some of the procurement agencies have desisted from placing further contracts in an already tight and short labor market. The Quartermaster, for example, has recently refrained from placing additional contracts for certain types of clothing in Seattle, which is very definitely a tight labor market.

Mr. SPARKMAN. Now, as I understand it, the Manpower Commission makes the survey and furnishes the information to you.

Mr. MITCHELL. Yes, sir.

Mr. SPARKMAN. You do not establish the fact as to the condition of the market, you depend upon the Manpower Commission for that, and you simply transmit that information to your procurement officers?

Mr. MITCHELL. That is right, sir, and to our liaison officers in the field who coordinate or correlate the activities of all the procurement agencies in the War Department.

Mr. SPARKMAN. Is that a general coverage of the whole country? Does it cover the country fairly well?

Mr. MITCHELL. Fairly well, where there are obvious shortages and overages of labor.

Mr. SPARKMAN. It is our understanding that the War Manpower Commission, through the Labor Production Division and through the Employment Service, performs a similar advisory function to the industry branches of the War Production Board. What do you think is the need or the desirability of such duplication of work as this? Is it necessary?

Mr. MITCHELL. I am not clear as to your question, sir.

Mr. SPARKMAN. I stated that we understand that the Manpower Commission performs a similar service, advising the industry branches of the War Production Board along the same line.

Mr. MITCHELL. I see. I should think that that would be highly desirable. I am not acquainted in detail with the function of the industry branches, but it would seem to me that any information on labor supply would be helpful in planning curtailment programs or concentration programs, or any other programs that the industry branches may have as their function.

Mr. SPARKMAN. Of course, as I understand it from your statement, the Manpower Commission gathers and places in factual form the information.

Mr. MITCHELL. That is right, sir.

Mr. SPARKMAN. And that information, which is transmitted to you, is used by you for advising the procurement officers of the Army?

Mr. MITCHELL. That is right, sir.

Mr. SPARKMAN. Of course, the Manpower Commission probably would gather information as to all of the armed forces and even civilian forces as well.

Mr. MITCHELL. That is right, sir.

Mr. SPARKMAN. Would that be your idea? I do not mean the Manpower Commission, I mean the War Production Board. In other words, yours would be a much smaller field than theirs.

Mr. MITCHELL. I should think so. The information the Manpower Commission gives us is used by us as one of the criteria in the allotting of contracts for military items.

Mr. SPARKMAN. Of course, this thought occurs to me: Suppose there is a certain area that has an overage of available labor and you advised your procurement officers, and suppose the Navy advises its procurement officers to the same effect, the Maritime Commission so advises its officers, and the industry branches of the War Production Board advise the people engaged in civilian production, then it seems to me, unless you have got some kind of coordination—

Mr. MITCHELL (interposing). In the letting of contracts?

Mr. SPARKMAN. Yes. In that case, you are liable immediately to create a tight labor market, are you?

Mr. MITCHELL. Well, I don't know enough about it to comment on it. The procurement agencies of the Government, of the War Department, lets contracts. It seems to me that they should know when they are letting contracts, so long as they are going to let contracts, all the factors that might have a bearing on the production of that contract. Labor supply is one of them.

Mr. SPARKMAN. I am thinking of these various procurement agencies of the various services.

Mr. MITCHELL. That is right, sir.

Mr. SPARKMAN. Acting simultaneously.

Mr. MITCHELL. Yes, sir.

Mr. SPARKMAN. Is there any clearing house from which they might operate?

Mr. MITCHELL. That I do not know, sir.

The CHAIRMAN. Don't you think there should be?

Mr. MITCHELL. Well, you get into the realm there, Mr. Congressman, of the whole system of contract letting in Government. Very frankly, I know so little about it that I would hesitate to offer any opinion.

Mr. SPARKMAN. I might ask this question, which would be wholly practicable: Have you incurred any difficulty along that line?

Mr. MITCHELL. No, sir.

Mr. SPARKMAN. In connection with your own contracts?

Mr. MITCHELL. No, sir.

SERVICES COMPLEMENTARY RATHER THAN DUPLICATIVE

Mr. SPARKMAN. From the organizational chart and statement of functions of the Army Civilian Personnel Division, it would appear that your office duplicates in part the functions of the War Manpower Commission. Do you think we are correct in believing that your operations are duplicative at many points? What is your opinion on the need for or desirability of such duplication?

Mr. MITCHELL. I am not aware, sir, of any duplication.

Mr. SPARKMAN. It is your attitude that they are complementary to each other?

Mr. MITCHELL. That is right, sir. As I stated before, we believe that the Services of Supply have an internal problem of coordination of its various procurement agencies in this labor-supply problem. The function of our liaison officers is that of interpreting to our procurement agencies, so that we have a uniform policy, the policies and procedures and practices and operations of the Manpower Commission, and in turn bringing to the Manpower Commission our needs, so that the Manpower Commission has a central point at which it can obtain the Army's needs for labor. I do not see any duplication in that function.

Mr. SPARKMAN. Is the Civilian Personnel Division subject to directives issued by the War Manpower Commission?

Mr. MITCHELL. Only insofar as those directives may be issued to the governmental agencies as a whole. In other words, the War Manpower Commission in its directives may direct—I do not know of any occasion that it has, but I understand it may have the authority to direct—action on the part of each and every governmental agency concerned with this problem of labor supply. Insofar as that is concerned, we are subject to the direction of the Manpower Commission, as is the Navy and Maritime Commission, or any other governmental agencies.

Mr. SPARKMAN. I wonder if you might give us a statement as to what you consider to be the functions of the War Manpower Commission which are separate from those that are now performed or can be performed by the Civilian Personnel Division.

Mr. MITCHELL. Well, the Civilian Personnel Division, that is, the Manpower Branch of that Division, can only be concerned with the procurement and production problems of the War Department. We have no mechanism for national recruitment of labor. We have no mechanism for the national training of war contractors' employees. We have no mechanism for determining the total labor requirements of the country. In fact, it seems to me that there is need, very definite need, for an over-all agency which concerns itself with the total labor-supply problem. Ours is an internal problem of what are the needs of the War Department, which is only a part of the total labor-supply need.

Mr. SPARKMAN. And that agency would be the Manpower Commission?

Mr. MITCHELL. I understand that agency is the Manpower Commission.

AUTHORITY OF CIVILIAN PERSONNEL DIVISION

Mr. SPARKMAN. Does the Civilian Personnel Division, through the War Department, have the power to require war contractors to do all of their hiring either through the Employment Service or through some other central placement agency?

Mr. MITCHELL. No, sir; we do not so require. At present the terms of our contracts do not require that a contractor hire from any one particular source, the labor.

Mr. SPARKMAN. Could you do so if you saw fit to do it?

Mr. MITCHELL. I suppose we could, sir.

Mr. SPARKMAN. Through the same means that you described a few minutes ago?

Mr. MITCHELL. I suppose we could; yes, sir.

Mr. SPARKMAN. Does the Army, Civilian Personnel Division, have the authority to require war contractors to set up training programs of an adequate size and quality within the plant?

Mr. MITCHELL. If you are speaking of legal authority; no, sir.

Mr. SPARKMAN. Could you do that by the same means that you described a few minutes ago?

Mr. MITCHELL. I suppose you can write anything into a contract that you wish, sir.

Mr. SPARKMAN. Well, you can always control it by the allocation of materials and men; is that right?

Mr. MITCHELL. And men; yes, sir. At the moment, I would say that most war contractors accept with readiness the training-within-industry idea, and are anxious and willing to accept the services of any governmental agency that will help the contractor to produce his contract or to meet his contract requirements. I doubt whether any compulsory acceptance of either recruitment or training within industry would have any greater benefit than the present system.

ON NEED FOR NATIONAL SERVICE ACT

Mr. SPARKMAN. There seems to be some difference of opinion over the need for a national service act at this time. Some persons have suggested that it is preferable to control labor demand of war contractors rather than exert compulsion upon the individual worker at this time. What are your views on the necessity for a national service act?

Mr. MITCHELL. My personal views?

Mr. SPARKMAN. Yes.

Mr. MITCHELL. I would say that if a national service act were adopted there might be very little occasion to use it. In other words, the very existence of an act of that kind would make it unnecessary to use its powers. I think that has been the experience in England and other countries that have had that or similar parallel compulsory acts.

Mr. SPARKMAN. There has been very little use made of it?

Mr. MITCHELL. There has been very little use made of it. Although it may be necessary that the act be adopted.

Mr. SPARKMAN. Have it ready, in case?

Mr. MITCHELL. Have it ready, in case; that is right, sir.

Mr. SPARKMAN. There seems to be some difference of opinion between the War Production Board and the War Manpower Commission over the interpretation of directive 2 of the War Manpower Commission which instructs the War Production Board to give the War Manpower Commission a preference list of plants. I will describe to you the impression we have of this difference. Some officials of the War Production Board believe that this directive authorizes them to instruct the War Manpower Commission on all phases of manpower demand, both as to location, quantity, and quality. In fact, a War Manpower Priorities Branch has been set up within the War Production Board, regional offices are planned, and it has been suggested that labor utilization inspectors should be employed by the War Production Board to check on the need for labor and the use for labor within war plants. The War Manpower Commission for its part also plans to have labor utilization inspectors. If the War Production Board's interpretation of directive 2 is taken, would this not reduce the

War Manpower Commission to the status of a placement and recruiting agency only?

Mr. MITCHELL. I know nothing of the War Production Board's interpretation of the War Manpower Commission's directive, in the first place. I have no opinion on it, so therefore the question is lost on me.

Mr. SPARKMAN. That gets back to the over-all picture, rather than your restrictive part; is that right?

Mr. MITCHELL. That is right; yes, sir.

INTEGRATION OF MANPOWER AND PRODUCTION PLANNING

Mr. SPARKMAN. Well, it seems that an integration of manpower and production planning has to be developed. What is your considered judgment as to how this can best be done?

Mr. MITCHELL. Well, I have no judgment or opinion on that. I do not know enough about the larger issues which may be brought to bear on such a problem.

Mr. SPARKMAN. Now, let me ask you this: In your own particular field, do you think that has been very well done?

Mr. MITCHELL. The integration of labor supply and production?

Mr. SPARKMAN. And production planning.

Mr. MITCHELL. It necessarily has to be, because, after all, we are interested in only one thing, the production that our contractors can give us, and the only reason we perform this function of liaison with our war contractors in the labor supply field is in order to insure production. It seems to me that the adequate utilization of labor supply is an integral part of production.

Mr. SPARKMAN. Do you think that that has been accomplished in your particular field? It is a continuing problem, I suppose. Is it being done?

Mr. MITCHELL. We are integrating our activities very closely with our own production people. Naturally, we are part of a production organization.

Mr. SPARKMAN. Assuming that that is being done in each of the services concerned with production, then is it your idea that the War Manpower Commission coordinates the entire program?

Mr. MITCHELL. Of labor supply?

Mr. SPARKMAN. Yes.

Mr. MITCHELL. Yes, sir. I think that is its function, or one of its functions.

Mr. SPARKMAN. Mr. Chairman, that is all I care to ask.

The CHAIRMAN. Any questions, Congressman Curtis?

Mr. CURTIS. With reference to your discussion of the waste of skill, I take it by that you mean in a certain factory there are some men who are highly skilled to do a certain job and they are assigned to some task that requires much less skill. Is that your idea?

Mr. MITCHELL. I gathered that that was the Congressman's thought. I might add, since the question has been raised again, that in my opinion that type of wastage does not exist to any great degree.

Mr. CURTIS. There has to be some of it in the natural course of events?

Mr. MITCHELL. In any organization that mushrooms in the short time that these war plants have there is bound to be some of it, but I do not think it exists to any great degree.

Mr. CURTIS. To the degree that would justify pulling them out of one plant and moving them into another plant?

Mr. MITCHELL. To the contrary, most plants do not have enough skilled men in the particular jobs that they want, so I cannot imagine any wastage of skills in that way. What I was referring to before was probably the use of too many unskilled people in a given plant, rather than a wastage of particular skilled men.

FIXING OF WAGE RATES

Mr. CURTIS. Is it the intent of the Government that war jobs pay higher wages than other work?

Mr. MITCHELL. No, sir.

Mr. CURTIS. In other words, is it set out as a policy that in order to attract the needed labor that higher wages be used as an incentive?

Mr. MITCHELL. I should say definitely not.

Mr. CURTIS. You are speaking of the contractors of matériel, are you not, primarily?

Mr. MITCHELL. That is right, sir.

Mr. CURTIS. How about the construction program of the War Department?

Mr. MITCHELL. The wages in the construction program of the War Department are determined by the Department of Labor and they are based, I understand, on the Bacon-Davis Act, which establishes that determination on the basis of prevailing wages in the community. Those wages are part of the contract.

Mr. CURTIS. That is all.

EMPLOYMENT OF WOMEN

Mr. BENDER. I should like to ask one question: From your understanding of the personnel problems, how many women do you think will be needed in war production work during the next year? Have you any idea?

Mr. MITCHELL. I have no idea as to the figures, sir; but I would say that more and more women must necessarily be employed in war production, and the War Department, in its own establishments, is definitely promoting and encouraging the employment of women and developing ways and means in which they can be employed. As an example, at the moment we have at Aberdeen Proving Grounds women running tanks, assembling guns, firing guns. This is a testing ground. We have used it more or less as an experimental laboratory as to those occupations in which women can be employed. We believe most war contractors, too, must be encouraged to develop and promote the employment of women.

Mr. BENDER. That is all.

The CHAIRMAN. Mr. Mitchell, I understand you want to go early.

Mr. MITCHELL. I would like to, sir. I am at your disposal, however.

The CHAIRMAN. I just want to ask you one question.

Mr. MITCHELL. Yes, sir.

The CHAIRMAN. Do you know whether the Government, or any agency of the Government, is undertaking at the present time an inventory of the manpower of the United States, of the skilled and unskilled workers in the United States?

Mr. MITCHELL. I do not know, sir.

The CHAIRMAN. Don't you think it should be done?

Mr. MITCHELL. Yes, sir.

The CHAIRMAN. Otherwise, there is going to be an overlapping in the different plants in the different States.

Mr. MITCHELL. Yes.

The CHAIRMAN. Now, when you speak to me about England, it is not always comparable. There you have a nation that is compact, that is smaller in area than is the State of Oregon, with one government. Here, practically, we have 48 nations; haven't we? We have really a different and more complex problem, haven't we, in a lot of ways, than England?

Mr. MITCHELL. I should think so. Geography makes it so.

The CHAIRMAN. Thank you very much, Mr. Mitchell, for coming, and for supplying us with a statement answering questions heretofore submitted to you by the committee. Your statement, together with these questions, will be inserted in the record at this point.

(The matter referred to is as follows:)

STATEMENT OF JAMES P. MITCHELL, DIRECTOR, CIVILIAN PERSONNEL DIVISION, SERVICES OF SUPPLY, WAR DEPARTMENT, WASHINGTON, D. C.

(Answer to question 1: "Will you briefly outline the functions of the Civilian Personnel Division of the Services of Supply?")

In the General Orders issued by the Secretary of War on March 9, 1942, to effect the reorganization of the Army, the Commanding General, Services of Supply, was charged with the following mission in reference to personnel:

"The administration of all functions which are Army-wide in scope and which pertain to personnel as individuals, both military and civilian, to include pre-military training, mobilization of industrial manpower, and labor relations."

The Civilian Personnel Division was created on his staff to carry out all the phases of this mission with the exception of military personnel activities. This division is divided into three branches:

(a) The Civilian Personnel Branch is responsible for the formulation of policy and development of programs, together with supervision of the administration of all civilian personnel matters concerned with direct employees of the various agencies in the Services of Supply. This includes the supervision of the civilian personnel branches in the individual supply services and service commands in their development and supervision of programs for—

1. Appointment and placement of employees.
2. Job classification and wage administration.
3. In-service training of executive, supervisory, manual, and clerical personnel.
4. Employee relations.
5. Maintenance of personnel records.

(b) The Labor Relations Branch is responsible for the formulation of policy and development of programs on labor-relations matters which affect production of military items. It provides liaison with the National War Labor Board, National Labor Relations Board, Department of Labor, and other labor relations agencies which perform services for War Department contractors. It also makes certain that the contracts for which the Services of Supply is responsible are conducted in accordance with existing labor laws and the policies of the War Department. It provides advice and guidance to War Department procurement agencies on their responsibility for seeing that their contractors maintain proper wage and hour structures.

(c) The Manpower Branch is responsible for the coordination of the labor supply needs of the procurement agencies of the Services of Supply and for the interpretation of those needs to the War Manpower Commission and the War Production Board. It is also responsible for interpretation, to the procurement agencies of the Services of Supply and its contractors, of the policies of the War

Manpower Commission as it affects their operations and to bring to bear on the problems of the procurement agencies and their contractors the pertinent service which the War Manpower Commission renders, such as the recruitment facilities of the United States Employment Service and the Civil Service Commission, the training facilities of the Training-Within-Industry Section, the Apprenticeship Training Section, and its other training agencies, etc. It is further the objective of this division to supervise the administration of these policies within the establishments operated by and through the Services of Supply so as to insure an optimum utilization of the manpower resources made available to the War Department by the War Manpower Commission.

(Answer to question 2: "How many liaison officers are functioning in conjunction with the War Manpower Commission to advise War Department agencies as to the availability of labor, hoarding, and pirating of labor?")

There are 12 regional liaison officers operating in the field who have an additional 31 officers on their staffs. These officers are charged with the responsibility for discharging the functions of the Manpower Branch as outlined above.

(Answer to question 3: "It is our understanding from a War Department press release of July 16 that the liaison officers do not duplicate existing services.")

The service performed by these officers is a necessary part of the Services of Supply responsibility and, so far as we are able to determine, cannot duplicate, by the very nature of its mission, any existing Federal service.

(Answer to question 4: "This committee has proposed in its fifth interim report the creation of civilian labor utilization inspectors. These inspectors would have authority to survey use of labor in war plants. Do the liaison officers of the Civilian Personnel Division perform at the present time any such function as that described in the committee's recommendation II 1. A. p. 37 of the fifth interim report?")

I consider that responsibility for the proper utilization of civilian labor rests with the management on any construction or production enterprise. The Civilian Personnel Division has made every effort to see that the personnel of the Services of Supply, responsible for efficient production, are thoroughly aware of the labor supply problem and are constantly making use of their position with relation to War Department contractors to see that the War Department contractors and producers are doing everything possible to utilize labor to its maximum. The function of labor utilization inspectors, if used, should be to review existing conditions in plants visited and if these are not satisfactory to ask the contracting agency responsible to take necessary action to improve these conditions.

(Answer to question 5: "Do you consider that the management-labor production committees should have the responsibility for executing policies on upgrading, training, and transfer of workers within war plants?")

It is our understanding that the management-labor production committees, as set up in accordance with the recommendation of the War Production Board, are established to do the following:

- (a) Arrange in individual plants for production scoreboards.
- (b) Increase plant efficiency by studying all physical working conditions.
- (c) Arrange for handling suggestions.
- (d) Arrange for production advertising.

I believe the determination of policies on training, upgrading and transfer of workers must finally be made by management. Many managements, particularly those which deal with their employees through collective-bargaining agencies, make it a practice to consult with their employees on such policies and in some cases policies and procedures in connection with training, upgrading and transfer of workers are a part of collective-bargaining agreements. As far as the War Department is concerned, in handling its own direct employees, policies in connection with upgrading, transfer and training of workers are often governed by statute or civil-service regulations.

(Answer to question 6: "Has the Civilian Personnel Division instituted measures to utilize in war plants the workers in civilian industries, soon to be curtailed?")

I believe that the War Department has responsibility to encourage its contractors to make maximum utilization of available labor in the areas in which these contractors are operating. All decisions on the curtailment of civilian industries and the availability of employees freed by such curtailment seems to be jointly that of the War Production Board and the War Manpower Commission. As the War Department is notified by these agencies of plans for curtailment and concentration, it will make such information available to its contractors and work

with its contractors to bring about the maximum utilization of such labor freed for war work.

(Answer to question 7: "What controls do you consider necessary to eliminate labor pirating, to increase within-industry training, and to execute an orderly transfer of workers from civilian to war work?")

In considering the controls necessary for the elimination of labor piracy, for the augmentation of within-industry training, and for the execution of an orderly transfer of workers from civilian to war work, it would seem that every effort should first be made to plan in advance the amount, type, and location of production to permit effective planned production. This planning should include the obtaining of comprehensive and accurate information, in usable form, which would indicate: The amount of skills currently needed and required in the future; the amount of skills available, adjusted as the market is depleted by induction into the armed forces; and the amount of skills that can be made available by training and by induced entry into the labor market.

Before the institution of any control, by law or by regulation, an energetic educational program should be carried on to educate all employers so that they will themselves, through their own leadership, carry on desired programs. There should also be, at the same time, a program of education for the Government contracting agencies so that they may use the compulsion power inherent in their contracts to bring reluctant employers into line.

It is, however, believed that, when civilian activities are curtailed, clearance machinery should be set up through which freed employees must register, in order that this force of workers, with their skills, will not be dissipated, and will be used to best advantage in war industry. It would appear that the United States Employment Service should be named to handle this clearance and that every effort should be made to strengthen it administratively and financially so that it will be able to discharge these responsibilities.

Mr. MITCHELL. All right, sir.

The CHAIRMAN. We will take a recess for 5 minutes.

(At this point a short recess was taken, after which the hearing was resumed.)

The CHAIRMAN. The committee will please come to order.

General Hershey, will you be kind enough to take that chair there?

TESTIMONY OF MAJ. GEN. LEWIS B. HERSHEY, DIRECTOR, SELECTIVE SERVICE SYSTEM, WASHINGTON, D. C.

The CHAIRMAN. I want to say on behalf of the committee, General, we appreciate your coming here. We know you have a tremendous responsibility, and we are just trying, through this committee, to acquaint Congress as to how we are getting along. Congressman Bender will ask a few questions here.

General HERSHEY. I am very glad to be here, Mr. Tolan. I remember with a great deal of pleasure the last time we met together. It has been some months now.

The CHAIRMAN. Before you begin your testimony, General, I will introduce into the record the very excellent statement that you have furnished us.

(The statement follows:)

STATEMENT BY MAJ. GEN. LEWIS B. HERSHEY, DIRECTOR, SELECTIVE SERVICE SYSTEM, WASHINGTON, D. C.

In response to your letter of September 3, 1942, I am herewith submitting answers to the questions raised in your letter.

Your first question inquires as to the action taken by Selective Service in response to directives addressed to it by the War Manpower Commission.

We have received two directives. One of them is referred to on page 21 of your committee's fifth interim report of August 10, 1942, as directing the Selective Service System to instruct all its local boards located in a community served

by the United States Employment Service to secure the advice of the local public employment office before classifying or reclassifying an individual skilled in a critical war occupation. Pursuant to that directive we issued State Director Advice No. 59 on August 29, 1942, copy of which is enclosed herewith.¹

Prior to issuing State Director Advice No. 59, the Selective Service System had been maintaining contacts, not only with the United States Employment Service, but also with the many other governmental, public, and private groups and persons. You are already familiar with the coordination that has been maintained by Selective Service with the Department of Agriculture, the War Department, the Navy Department, the Department of Labor, the Department of Justice, the Maritime Commission, the Office of Defense Transportation, the War Production Board, the Civil Service Commission, the Office of Civilian Defense, and many other Government agencies and departments. You also are familiar with our coordination with labor and management groups, and other public and private organizations. I informed you generally about these contacts on page 4 of the statement I submitted to you on February 3, 1942.² I shall, of course, be pleased to explain any of the aspects of such liaison more in detail should you so desire.

The second of the two directives was issued by the chairman of the Manpower Commission on September 7, 1942. Preceding the general directive provision of the document was an order that certain types of miners in 12 western States must remain in their jobs unless released by the local United States Employment Service office. The United States Employment Service office was also to be the agency for appeals. The directive which followed the order stated as follows:

"All departments and agencies of the Federal Government are hereby directed to take all steps which may be necessary or appropriate to effectuate these provisions and to insure their observance."

On September 7, 1942, Selective Service issued a statement to the local boards stating in effect that local boards should consider the classification of any of the types of men in question should they leave their present jobs, and also stated that such men should be reclassified out of classifications requiring certain occupational status if the local boards determined it was more in the interest of the war effort for the men to remain in their former jobs rather than in the ones to which they had transferred or were planning to transfer.

Section 626.1 of the Selective Service Regulations, which in general substance has been in existence from the outset of our operations, reads as follows:

"626.1 *Classification not permanent.*—(a) No classification is permanent.

"(b) Each classified registrant shall, within 10 days after it occurs, and any other person should, within 10 days after knowledge thereof, report to the local board in writing any fact that might result in such registrant being placed in a different classification.

"(c) The local board shall keep informed of the status of classified registrants. Registrants may be questioned or physically or mentally reexamined, employers may be required to furnish information, police officials or other agencies may be requested to make investigations, and other steps may be taken by the local board to keep currently informed concerning the status of classified registrants."

Under that regulation a registrant is required under severe penalty to report any change in status that might cause the local Selective Service board to find that he no longer was performing the requirements for deferment. For instance, if a man were deferred because his grandmother needed him for support, and if the grandmother died, then the registrant would be obligated to immediately report the change in status and the board would determine in that case that the registrant should no longer be deferred. So also, if a man were temporarily deferred because of work he was doing in the copper mines, and if he changed his job and went to a shipyard, then he must report that fact to his local board, and the local board would, after reviewing all the facts, decide whether it were more in the national interest for that particular man to be in the mine rather than in the shipyard, and would decide whether he still continued to be entitled to deferment.

As a result of this policy, many registrants realize that it is in the interest of the war effort as well as to their own interest to clear with the local Selective Service board prior to leaving their jobs, rather than doing so after leaving them and then having to return to their former jobs and thereby disrupting the war effort and themselves in the process. Most registrants, I believe, desire to do their patriotic duty and desire to do anything and everything that they are reasonably convinced

¹ This material had not been received at time of publication.

² Washington hearings, pt. 27, p. 10235.

they should do to win the war. In spite of lack of uniformity and other shortcomings of the Selective Service System's operations, the uncompensated local boards have performed an honest operation in deciding whether registrants should be selected for war or should be selected by deferment for civilian war work or other endeavors.

In answer to your question, "Do you know of instances where employees have been granted occupational deferment on condition that they remain in their present location?", the effect of these Selective Service policies has been to cause men in some areas to remain in their present location, provided, of course, it is found by Selective Service to be more in the interest of the war effort for them to do so. Greater application of this principle with the attending publicity will, of course, extend and broaden the effect in that respect.

One of your questions concerns certain complaints from employers to the effect that workers with essential skill are being drafted. I, again, refer to the statement of February 3, 1942, which I heretofore submitted to this committee in which I stated "the Selective Service System has been charged with the responsibility of registering and classifying the entire manpower of this Nation between the ages of 18 and 65, and with the further responsibility of determining which of the men between 20 and 45 should be allocated to the armed forces and which of them should be allocated to wartime production or other essential civilian activities or responsibilities. As a specified amount of money must be so budgeted as to obtain the best use, so also must the supply of manpower be budgeted and allocated so as to obtain the most effective results."

The position of national headquarters of the Selective Service System is the same as it was then and always has been, namely, that the Selective Service System, as a result of comprehensive study and research and also as a result of 2 years of actual operations during which it has had an opportunity to observe its plans in operation, recognizes that this war cannot be won by placing every man in the armed forces, but that a proper balance must be maintained as between the fighting men on the one hand and matériel, including food and equipment for them and the civilian population on the other hand.

During the peacetime operations of the Selective Service System when only approximately 600,000 men were being inducted annually out of the 27,000,000 men between the ages of 20 and 45, the Selective Service System could very easily procure that type of men for the armed forces which would in no way interfere with war production and which would not interfere to any great extent with civilian activities. However, now that we are in a wartime operation which may require 10,000,000 in the armed forces, leaving 17,000,000 deferred out of the 27,000,000, in lieu of a much different peacetime ratio, classification policies necessarily have been revised and it was and is essential that, insofar as can be done without disrupting the war effort, employers must train those who are of such status that they should be included among the 17,000,000 deferred rather than among the 10,000,000 fighting men, or should train women and elder men, to replace those employees who are of the status which the national interest and the war effort require should be in the armed forces.

As above indicated, national headquarters of Selective Service System very definitely realizes that an orderly withdrawal from industry of men with temporary occupational deferments can be accomplished by close cooperation by and between the Selective Service and the governmental production agencies on the one hand and the employers on the other hand. For some time Selective Service has been endeavoring to work out proper solutions for these problems so that replacements will be trained and made which will free a number of the class II men for military service but yet will not remove them at a rate which will leave irreplaceable vacancies to the detriment of the war effort.

One of your questions reads as follows: "The committee has stated in its Fifth Interim Report (p. 27), that 'Deferment practices applied on a plant-by-plant basis are not only inequitable but strike directly at the objective of effective manpower mobilization.' Do you agree with this statement?"

In checking with your staff to make sure I understood the question correctly, I was informed that the committee did not intend to give the impression that deferment should not be based upon analysis of individual plants, but on the other hand intended to indicate that in its opinion occupational deferment should not be conditioned solely upon a request for deferment made either by the individual employee or by his employer. In this connection, although it is not necessary for an employer or an employee to request deferment, it is most advisable and as a matter of fact is a patriotic duty, for the employer to file a Form 42A or other affidavit setting forth exactly what the employee does as well as other pertinent

and detailed information concerning the employee. For the information of the committee a copy of Form 42A is attached hereto and made a part hereof.¹ Some employers, particularly the self-employer or those that are in a father-and-son relationship, which is the case in many local farming and rural areas, acquired the erroneous idea that they would not be considered as patriotic if they filed 42A or suggested deferment. Selective Service has continually been endeavoring to educate employers of all types in connection with this matter so that they will realize that any such viewpoint is really a matter of false patriotism as it is most certainly in the interest of the war effort for local boards to be furnished with full and complete information, together with a recommendation from those best qualified to furnish it.

In connection with this aspect of the farm labor situation, we have recently met with governmental agencies interested in agriculture and also with members of the national farm organizations in an endeavor to work out the best ways of dealing with and solving the problem. We have also recently issued a release covering the subject generally.

As to whether or not detailed deferment practices should be on a basis of plant-by-plant analysis, I believe that such should be the case. The vast majority of plants and businesses differ one from the other even in many instances where they produce the same product. The method of operation and functions of employees differ as between plants, and there are other individual differences. Almost everyone recognizes the need for local, decentralized investigations and determinations as a basis for ascertaining the personnel structure of the various plants and businesses in order to have a basis for classification. This, the local boards, aided by all available local assistance, endeavor to do. Local boards are assisted by our occupational advisers who operate out of State headquarters. Representatives of the offices of the Under Secretaries of War and Navy who are interested in matériel procurement along with Mr. Nelson's organization are of assistance to our State headquarters and local representatives.

One of your questions inquires whether or not I know of instances where Selective Service boards are receiving advice from labor-management production committees in granting deferments.

This is a field which has very far-reaching possibilities. I have been very well impressed with the splendid work being accomplished by the Labor-Management Policy Advisory Committee to the War Manpower Commission, and believe that if local committees would be of the same quality, they would be a great assistance to our local Selective-Service representatives and agencies on different questions. They would, of course, have to operate long enough and efficiently enough to secure inplant confidence comparable to that enjoyed by the National Labor-Management Committee already referred to. I understand that some of such committees are already in existence and are being formed in connection with the functions of Mr. Nelson's War Production Board which is interested in the production of essential matériel. Our contacts on all levels with labor, management and all other elements of the communities, of the States, and of the Nation have been of the best, and certainly the advice of any and all additional groups or committees that may be established would be welcomed by us at all levels if they would have any information or advice that would be of any possible assistance. The Selective Service System is most anxious to cooperate with labor-management groups to insure placement of all registrants where they may render the greatest service in winning the war. If anything further is needed to supplement our relationship with labor, with management or with any of the other elements, Selective Service is most certainly interested in filling that need.

One of your questions is: "Do you know of instances where the drafting of workers has resulted in replacement through migration from communities which have been granted deferments to workers with similar skills?"

I know of no specific instances where that has occurred but such a situation should most certainly be prevented insofar as is possible. Any instances which are brought to our attention will receive prompt action. Field representatives of national headquarters coordinate our State headquarters and coordinators of State headquarters extend the coordination among the local boards. The appeal agents attached to each local board and other local representatives of the Selective Service System do through periodic regional meetings keep in close touch with the coordinators and occupational advisers.

¹ This material had not been received at time of publication.

We in national headquarters of Selective Service have maintained very close contact with Members of Congress and particularly with members of both Committees on Military Affairs. As a result, we have continuously received suggestions, criticisms and recommendations based upon communications the various Members of Congress have received from their millions of constituents or based upon observations the congressmen have acquired of their own knowledge and experience. This has been another way in which we have attempted to undergo self-analysis and improve our operations. It has been and will be our sincere intention to give the most careful consideration to such suggestions, criticisms and recommendations and to maintain fluid and elastic policies which will be modified accordingly should investigation disclose that our operations will be improved and the war effort will be furthered thereby.

In conclusion I desire to say that I believe Selective Service must continue to increase its exercise of powers heretofore unused to the fullest extent. The maximum use of manpower will require more and more management in particular areas or industries. I believe that the basic Selective Service policy and organization is sound and capable of accepting its obligations as the control over individuals by the Government increases.

TESTIMONY OF MAJ. GEN. LEWIS B. HERSHEY—Resumed

Mr. BENDER. General Hershey, is it your view that Selective Service is the key agency in supplying the armed services with manpower and through control of deferment policy likewise the key to providing industrial users with manpower? If so, does this require that Selective Service scrutinize the needs of both industry and the armed services?

SELECTIVE SERVICE AS A KEY AGENCY

General HERSHEY. Well, sir, that is three or four questions. I think that I could say, to the first part of it, that I believe the Selective Service is the key agency in furnishing our men to the armed forces. I realize that is subject to challenge, because at the present time we are not directly furnishing men to one of the armed forces. I think we are a very vital factor in furnishing men even to the armed forces that we do not directly furnish.

Now, as to the question of whether or not we are the key agency in the occupational field, that is probably controversial. So far as one individual goes, you cannot both induct a man and defer him, except on a time relationship. Therefore the problem of who is left behind will always depend very directly on whom you take.

The Selective Service System, as I understand it, is responsible for furnishing the number of men that we are called upon to furnish, with the least disturbance to the occupational set-up, consistent with the accomplishments of the men.

Now, if that be true, necessarily there has got to be an over-all determination upon the basis of the type of war that we are going to fight, on what the relationship has got to be between the supporting population and the participating population. I am using "participating" to mean those participating actually in the armed forces.

Now, I think it is a question, first of all, of what we mean by "key." As to whether or not we are the key in this question of deferment, I would hesitate to say. Obviously, you cannot induct a man and defer him, except you can defer him for 3 months or 6 months or 9 months and then take him, but you never can decide how many men you are going to have in the Army or Navy without deciding how many men that is going to leave you.

I do not want to leave the impression, however, at least in the individual cases, that you cannot take a man for the Army unless everyone agrees that there is a replacement for him. That is not the way, in our primitive day, that we replace the men in the firing line. The enemy decides who is a casualty. That being true, the only way you replace is from the rear to the front. If you are going to do it in the other direction you are in retrogression.

I do not know that I have answered the question. If I have not, I want you to pin me down and show me wherein I did not. I may not be able to answer the last part of it, as to what extent the Selective Service is the key in setting up the needs for occupational deferment.

Mr. BENDER. In your opinion, the Selective Service System does not satisfy both needs?

General HERSHEY. Now, let us see. Whom are we satisfying? I mean: What are you talking about? What do you mean by "satisfy"?

Mr. BENDER. Well, you are not in a position to scrutinize the needs of industry as well as the needs of the armed forces?

OCCUPATIONAL DEFERMENT

General HERSHEY. I think to date we have spent a great deal more time on scrutinizing the needs of industry than of the armed forces. That is to say, there are now more than ample people for the armed forces and therefore, in case of doubt, we leave them in the factory. Now, as the armed forces' needs grow, and until such time as there are no longer any supplies to go to the factories, I think we have got to begin to make our determinations more favorable to the armed forces. Due to the fact that the total force is perhaps 60 or 62 or 65 million, it makes some difference as to whether you take your 15- or 16-year-olds as the productive lower limit and whether you go to 65 or whether you go to 70. No matter where you go you will find yourself with a definite number of people, and out of that you will have 20 or 25 million women that obviously cannot be used except to a small degree in the armed forces. Then, when you take out your old men, your cripples, your less physically fit, you find that unfortunately you only have a limited field from which you can take soldiers, but you do not have such a limited field from which you can take workers. I think that is a fact that we have always got to bear in mind.

Mr. BENDER. Is it your view, General Hershey, that the occupational deferment powers of the draft system are limited in application because you cannot control a man who is deferred for reasons of dependency, who has been physically rejected, or who is too young or too old to be liable for service?

General HERSHEY. Let me dispose of the last part of your question first. We obviously cannot control the men over 45 or the men under 20. Although he is registered, he is only registered for statistical and occupational purposes and, therefore, let me wipe those out immediately.

Mr. BENDER. By the way, how many are deferred for occupational reasons?

General HERSHEY. Approximately a million.

Now, let us go next to the man who is physically disqualified. The only way that I can control what he does is by getting a waiver from the War Department to take him regardless of his physical condition.

Now, let us go back to the man who is deferred for dependency. There are ample powers now to make him do one of two things, provided he is acceptable either to the Army originally or on a waiver, and that is he must comply with the National Selective Service Act. If he does not, I think you can induct him, because the powers given to the President to take men from 20 to 45 are only hedged in the case of ministers and certain Government and State officials. The power of deferment otherwise is only discretionary with the President, presumably in the national interest.

Mr. BENDER. About how many men are subject now to the draft who have not been classified or who have been deferred for other reasons?

NUMBER CLASSIFIED AND DEFERRED

General HERSHEY. Well, now, let me get your question.

Did you ask how many had not been classified or how many had been deferred?

Mr. BENDER. Both.

General HERSHEY. Well, the classification is now going to the vanishing point. Between perhaps 5,000,000 at the last of June to, I think, zero point on the 15th of October. Now, just where we are in there, I would guess perhaps a million or a million and a half are still unclassified, perhaps two million, not more than that. I believe my instructions to finish classifications even to the 20-year-olds who registered in June will be accomplished on the 15th of October.

Now, as to the men who have been deferred, you have got out of this total group that we have classified approximately 18,000,000 that will be either initially or eventually classified in the dependency classes. You have, as I say, somewhere around a million that went into your II-A and II-B, perhaps a little more than a million. You will have at least 2,000,000 and perhaps 3,000,000 that will go into IV-F by the 1st of this coming year; that is January 1, 1943. Now, that does not mean the maximum number will go in IV-F. More will go into IV-F as you continue to make physical examinations.

Mr. BENDER. General Hershey, what is the basis for the estimated need of an army of 13,000,000?

General HERSHEY. I do not believe that I am equipped properly to say that we will have an Army of 13,000,000. I will tell you very frankly I do not know what the size of the Army is, but I have seen the actual demand during the last 5 or 6 months upped. Unfortunately, I cannot reveal my responsibilities to the public until the day that I go to take them. I realize there are many reasons why you should not unduly agitate people, but you should not, on the other hand, keep from them adjustments they may have to make. I do not know, but if I would plot a curve of the last 6 months on what little I do know it would be somewhat startling, perhaps, but, on the other hand, I realize that somewhere we do get out to a ceiling. I do not know what it is, because I am not in the councils to decide how many people we should have. I am running a service station.

Mr. BENDER. The general opinion up to the present time has been that our goal is 9,000,000. Of course, there has been something said recently about as high as 13,000,000.

REQUIREMENTS FOR NAVY INCREASED

General HERSHEY. I heard mentioned the words "thirteen million." I think we ought to remember this, that when we talk about an Army of 9,000,000, even if we do not furnish them, the Navy has to come from somewhere and it is out of this same man pool. The men that man the ships, whether they are in the Navy, in the Maritime Commission, or somewhere else, they have got to be obtained, the ships have got to be manned. So, you always have several hundreds of thousands, and as we grow, even millions, of men who will man the ships. I think the President announced the other day that the Navy already had reached 700,000, which is greater than it has ever been before, and I do not believe anybody thinks we are at the end of naval expansion.

Mr. BENDER. In other words, General, there is no precedent for this war, is there?

General HERSHEY. We have sailed beyond the place where our charts showed. Now, we can look back at them to try to get some plot of the future, but we have sailed beyond the last war. I will not say the Army is larger than it was on the last day of the last war, but we are taking in each day far, far more men, I think, than the public normally realizes. The Selective Service System, being the agency that operates between the public and the Army, has a tendency to be blamed, as any go-between is, by the Army for some of the things that the public does, and by the public for a great many things that the Army does. That is natural; that is our business.

Mr. BENDER. In other words, General, Russia, the way things look, cannot lick Germany alone, and we will probably have to do it.

General HERSHEY. I am not a military man; I am not a war student, and I know nothing about it.

NO PRECEDENT FOR PRESENT WAR

Mr. BENDER. I am going to draw the conclusion from that that we are working under different conditions, that there is no precedent for this war.

General HERSHEY. Yes.

Mr. BENDER. In other words, sitting here today we know that the ultimate manpower will have to come from the United States to win this war, don't we?

General HERSHEY. Yes. I think the thing we ought to always keep in mind when we think of the last war is that in the last war we fought in Europe, which we thought was quite a ways away, and now we are fighting on every continent in the world. Not only that, in the World War I happened to be a Field Artillery man, and there was not a shot fired out of a 75-millimeter gun built by the United States. Now, we have a war that is 5, 10, 15, or 20 times as mechanized as the World War was, and we are not only furnishing the armies that we raise but I have no idea what we will eventually have to do in furnishing other armies with manpower.

Mr. BENDER. For instance, in the last World War, General, we did not fire a shot in the Pacific. We did not have the Pacific problem at all, did we?

General HERSHEY. That is true. We had a few troops there, very few. I do not happen to know. As I remember, there were 7,000, but I am certainly not a historian; I think General Gray said there were 7,000 troops in Siberia. We had a few in north Russia, we had a few scattered here and there, but our main force was in France.

SCHEDULING OF MANPOWER REQUIREMENTS

Mr. BENDER. General, do you consider that an adequate occupational deferment policy must be based upon advance information and a proper scheduling of manpower requirements for industry and the Army?

General HERSHEY. Well, I would have to answer "Yes" to that, because my whole experience in governmental things has been: How well you plan is probably about 75 percent of how well you operate.

Mr. BENDER. About how many men is the Army taking at the present time, will you say?

General HERSHEY. If I should answer that, I think I should answer it in executive session. Personally, I might feel very free to answer it, in fact I would rather it would be told, because I think it helps my task, but the Army exercises the right of censorship over numbers. I am only allowed to publish to each community how many they want. I will be more than happy to tell you in executive session. It is not my censorship that restrains me now. I haven't control of that.

Mr. BENDER. General, who decides at the present time what manpower should go to the Army and what manpower should go to industry?

General HERSHEY. Selective Service.

Mr. BENDER. Selective Service decides that entirely?

General HERSHEY. That is true. The Congress gave the President the power to defer people, but that did restrict his power to defer by telling him how he would exercise that power. That is, he would exercise it through the local boards. The local boards, I think, in a very complicated field, are trying their very best to translate into John Jones the manpower picture. That is, they are trying to put him in a spot in this whole picture. They are doing it by what they think is probably too much information, and I do not doubt it, but the complications of modern warfare and the demands of all types of industry probably drive us into putting out more information than they can really assimilate, more than most of us can, I guess.

INTERRELATION OF SELECTIVE SERVICE AND MANPOWER COMMISSION

Mr. BENDER. To whom is the Selective Service System answerable? To the Army or to the War Manpower Commission?

General HERSHEY. I think we are on something that has not been entirely figured out. I believe it is fair to say, first of all, that the Selective Service System under Directive 5 of the Manpower Commission and under the executive order of the President is bound to carry out the instructions of the Manpower Commission as it has to do with occupational deferment. I think that is a fair statement that everybody will agree on. I think cooperation is the answer. We have not yet had a clash. If it ever should come, if there ever came a time when you could not carry out those directives and at the same

time provide the armed forces with the men that they call for, I do not know what the answer is.

Mr. BENDER. You think if the clash would come maybe it would clear the atmosphere?

General HERSHEY. I am not, of course, a born optimist. I think we are here trying to run a very complicated war. We have got a great many agencies, and I think one clash is a natural thing. I would not be so hopeful as to believe that everything from there on would go without a clash. I meet around the table with quite a few of these people at least once a week or oftener. I do not think it is good for democracy for everybody to believe exactly the same, I really do not.

Mr. BENDER. I agree with you, General.

General HERSHEY. We both come from the Middle West.

Mr. BENDER. General, here is a question I wrote down because it is a long one, and I am going to read it very carefully, because it deals with something that has come to my attention many, many times. Under the circumstances, I would like to give it to you very carefully so we might have some answer to it.

Let us take the case of a local draft board. Let us say that they have a quota upon the Selective Service System in order to fill the needs of the Army. On the one hand they have a list of occupations which should be deferred, which you have received and transmitted to them from the War Manpower Commission. If they fill the quota, they are unable to make occupational deferments in line with their instruction from the War Manpower Commission and the Selective Service. On the other hand, if they defer workers for occupational reasons, they are unable to fill the quota. Who is to decide the distribution of manpower between the Army and industry in this case?

HOW QUOTAS ARE BUILT UP

General HERSHEY. Well, I think in this case at the present time it can be done. Let me go into a little expression of what we are attempting to do. I do not want to wear you out with some of our troubles, but going back to the World War, we started with attempting to build our quotas on the basis of population, because that was the only thing we had. Very soon there were a lot of reasons why that would not work out—the presence of aliens, the presence of the lack of men in the population or too many men in the population, as you had in the West. Then, they went to registrations, which was a little nearer actually what they had, but they soon found some area had a lot of people in industry, had a lot of farmers, had a lot of something else, so they went to 1-A, that is, the men who were classified and found not in either the dependency class or on a farm or in industry. Now, the war quit about that time. That seemed a happy solution, because they did not run long enough on this system to find out that it had some shortcomings. We started back 2 years ago somewhere near where the war left off in 1918. So we started to try to fill our quota on the basis of 1-A. Obviously, when we registered 16,000,000 in October 2 years ago and we had to fill a call in November, we could not fill it on the basis of completed classifications, because they had not been completed. So, we had to make an estimate, and we took the first 20 percent that would be 1-A. Very soon, though, we began to get indications as to how many people

would be classified 1-A in each State in turn, so we began to project our figures as to the number that would be 1-A. Now, however, into that picture came two or three more age groups. Now, it does not necessarily follow that the 21- to 36-year-olds were 50 to 75 percent, or were a certain percentage that went in 1-A, or that will fill in that 1-A group of those between 20 and 21, or those between 36 and 45.

Not only that, but we have several other classes. We have got children writing checks on their father's bankroll and not any of them are keeping stubs except one. Our problem was attempting to set a quota. Now, in working on the December quotas, I am trying to set them up on the basis of information which was available to me about the 15th of July and which on the 1st of August seemed complete, but are incomplete in that certain of the armed forces that have enlisted men have not yet given us the grades for them.

DIFFICULTIES IN FORECASTING

Now, I can think of one State where in the month of July there were 400 more men enlisted than were inducted and many of those grades are like some of the checks that the man forgets to cash for 6 or 8 weeks. When I am trying to forecast right now the number of 1-A men there will be in Cleveland in December, on the basis of incomplete information from the middle of July, not knowing exactly how many people will enlist in all the different activities or how much of a shift there will be in occupational needs between now and December, it just cannot be done, or it is an extremely difficult thing to do.

Now, those are some of the difficulties that we find ourselves in. What we are trying to do is forecast how many people will be in 1-A, in the State of Ohio, or any other State, on the 1st of December, not knowing exactly how many will enlist in the several services, not knowing what the changes in industries will be, whether they are going to put men in 2-A or 2-B or take them out—not knowing even now all of the numbers of people who enlisted in August.

Now, those are the things under which we allot the quotas.

Mr. BENDER. In States?

General HERSHEY. The States in turn allot them in the local boards. When the local board sends in and says: "I have no more 1-A men," necessarily what they have got to do is take them out of other boards. For instance, we have told the local boards, in attempting to carry out what we believe, from the report, to be the intent of Congress, not to take married men that have children. We have instructed the local boards to not take them and to notify us when they run out of the 1-A men.

DIVERSITY IN APPLICATION OF ACT

Mr. BENDER. In that connection, there is a wide diversity in the application of the act?

General HERSHEY. Yes.

Mr. BENDER. For example, in Illinois, generally throughout the State they have deferred all married men, while in Ohio they were taking them.

General HERSHEY. Let me call your attention to one of the reasons for it. Now, I am not attempting to defend the fact that we lack

uniformity. In this room are men who are all the way from 4 feet 8 up to 6 feet 2, probably. There is a difference in the divorce laws, in the school laws. There is not anything in the United States that is uniform. That is no excuse; it is just one of the reasons why human beings are different and why human beings in Ohio may be a little tougher, as we call it, than in Illinois.

Let me give you one other reason why that is so: Section 15 (c) of the old act prescribed that no person should make a claim for dependency except on an economic basis. That meant that the man who had a rich wife, the man who had lots of money of his own, not earned—well, he might have earned it at some time but I mean he was not earning it at that time—or a working wife, all three of those groups, if the board lived up to the law strictly, or with any degree of strictness, the board would take them. Now, human beings being what they are—and remember these 25,000 people work for nothing and board themselves, and I do not mind saying if everybody else in the United States, any other citizen, had done as much to win this war as not only the average but the below average local board men, the war would be over. I have made the statement several times, and I repeat it. Those fellows really take the gaff. But that is beside the question.

Some of the fellows said, "We don't care to break up the family, we don't care what the Congress said." The only thing I could do was appeal it. When I go to appeal it to the initial agency, the member of the board, probably a lawyer in the town, says: "What is the use of taking the man away from his family when there are other young men here?"

Now, however, out in Ohio, in some areas, some of the local boards said: "That is the law and we are going to live up to the letter of the law. Why should not they go?" "His family won't suffer." Some even said: "His family is better off with him gone."

I will tell you very frankly one of the difficult things we get into is that there are a lot of men, especially since the allotment law has been passed, that the boards look at and say, "If that man's wife can get \$80 or \$100, why keep him here?" I have got some States that have had a great deal of difficulty with that very thing. No matter what you order them to do, they say: "Why take a man off the farm, even if he is not entirely necessary, when you can take a fellow who is over here doing nothing and his wife can get \$80 or \$100?"

Now, the repeal of that law in July marked a turning point, because then instead of putting the emphasis on the economic factors, your emphasis was on the family relationship, and we had to reeducate 25,000 local boards to the fact that the law does not compel you to do this any more. We were caught on the 1st day of July with a call that was 50 percent greater than in June, with 40 days being the required distance that registrants had to travel. In the time he received his notice, or sending out the questionnaire, his notice of the right to appeal, his notice of selection, even if he did not take any appeal—there is a 40-day lag between the time we start him through this chute and the time we get him out at the other end. When we got the call in July, with all our available system, having the married mixed into it, we had to do one of two things: If we sent out the order as Illinois did, and said, "Don't take any married men," they would find themselves unable to meet the call. If you send out the order,

"Take no married men," then you will find yourself short, and I do not think that Congress has yet indicated that we were to short the request of the Army.

Mr. BENDER. In connection with this matter of occupational deferment, the draft board had one set of instructions, the Selective Service had another set of instructions that was different from the War Manpower Commission. Now, who is to decide?

UNFORTUNATE PUBLICITY

General HERSHEY. I do not want to say that it is not so, but I cannot admit the fact that the War Manpower Commission has sent any instructions to the local board. If there were any I would be glad to have it called to my attention. I do not think they have. I will grant that at the outset of the Manpower Commission in April, there was very much misunderstood publicity on what the Manpower Commission was going to do. I think the Manpower Commission approached the whole problem correctly, but I do not think the publicity which they received—which more or less said they were going to blanket out whole groups of people—was very fortunate. I think it was unfortunate, and I do not think it was justified by anything that was said by the Manpower Commission.

The next thing that happened, I think there was quite a little said that the Manpower Commission was coming into the field to take care of the employers. I think that was an inference that was not justified. I think the Manpower Commission had to find itself; it had to go through many of the things that we have gone through for 2 years. I think the Manpower Commission is operating very true to form. I think they are getting a full realization of many of the factors involved.

I also would like to call your attention to the fact that the situation now and in April is vastly different. In April I was working under the assumption that we would produce 3,600,000 by Christmas. General Marshall, at West Point, when the graduation took place about the 1st of June, said 4,500,000. I do not think there has been any announcement since, but that is no longer the figure.

Now, you can see the situation that the Manpower Commission, and all of us, faced in April. It was quite different than it is now. I think we all realize, and I plead guilty for doing my full share for a year and a half of putting emphasis on the fact that we must leave behind everybody we possibly can. In the first place, you remember industry was getting set. A lot of the industry is now up to their plateau, and they have been up there for quite a while.

I would be the last person that would be critical of industry. They have had their troubles, but in April I knew of several factories that turned aside from their replacement policy because they thought they were getting a breather. That is one of the things that the publicity in regard to the Manpower Commission was unfortunate in.

Mr. BENDER. Has any effort been made to correct the impression that the draft boards have done that, and that the country generally has, in that connection?

INDUSTRY'S PART IN OCCUPATIONAL DEFERMENT

General HERSHEY. I think for the last 2 or 3 weeks, if the things that have been said to me as to what some of the newspapers have said are correct, about some of the things I said, they either misinterpreted what I was saying, or they are trying to create that impression. I think industry is coming along. I have here a company, and while I am not at liberty to disclose the details, this company has, during the last 4 or 5 months, made a very careful study of their manpower, and they have reduced it into patterns in order to decide whom they will go out for, and they succeeded in 80 or 90 percent of the appeals to the local appeal board since they actually were able to go and tell what each man was doing. I have looked at several thousand appeals of one kind or another, quite a few of them occupational, and I have been impressed with the fact that I got a two-page letter from an employer on how important the particular industry was, and sometimes less than a paragraph saying what John Smith had to do with it. After all, we have got to know whether John Smith is the fellow that is running the factory or whether he is a 22-year old boy that drifted in there 18 months ago and is doing a machine operation that a week's training will replace.

It is going to take time. I think industry is coming along, but I think they have to be shocked, and I think you have got to take somebody away from them, or they will never believe you are going to.

OCCUPATION AS A BASIC CONDITION OF DEFERMENT

Mr. BENDER. General Hershey, Selective Service is now drawing very heavily upon our manpower reserves and it may be expected that if we are to have an army of ten to thirteen million men, that even more drastic withdrawals will be made. It will become necessary at the same time to greatly increase our industrial manpower to service this large Army. Yet we have only a limited amount of manpower, particularly skilled manpower. Will it not become essential to make occupation the basic condition of deferment rather than physical or dependency conditions and dependency status?

General HERSHEY. That is a rather long question. Let me say "Yes" very heartily to one part of it, that is I think we are very rapidly going to the place where what a man can do for his country occupationally—and that means either go into the armed forces or into industry—must transcend other things. No other country has had the hardihood to attempt to handle the dependency question. We did. Many people like to point to what England has accomplished, but they never tackled dependencies. They gave them separation allowances, and once in awhile they might leave a man behind, or increase his amount, by and large, they only made a determination as to whether he went into the armed forces or did not. Whether he did not depended on whether they needed him occupationally.

I do not want to say our system does not have some disadvantages, even aside from breaking the family. I yield to no one in a desire to give the maximum protection to the American home, but I do not yield, on the other hand, to any one in a little long-range thinking. The American home may have to be defended at some distance from its location.

The CHAIRMAN. General, may I interrupt you there?

England, as I understand, for the first 2 years, as you say, took them irrespective of dependencies; then, they had to recall hundreds of thousands and put them back into industry. Did dependency have anything to do with the question of whom they recalled?

RECALL OF CLASSES IN ENGLAND CONTRASTED WITH OUR SYSTEM

General HERSHEY. You see, England did not have to recall them very far after Dunkirk. I think the last time I came before this committee I said that our problem, if we ever have to recall people is vastly different than England's. England had them within a reasonable distance. If we get our people and our forces into the distribution that we are getting them now, recalling them will not be practical, make no mistake about that. Therefore, it is most important that we do use our very best judgment.

Mr. BENDER. In connection with Dunkirk, some statements have been made that as many as a half million men, skilled machinists in industry, were recalled after Dunkirk in England, and other statements were that the number was somewhere in the neighborhood of 50,000.

General HERSHEY. I do not happen to know. I should not be surprised at the rather large numbers, because, after all, Germany and England are in the situation where they can recall them for certain seasons of the year, where they could locate the people on the farm or in industry, where they are rather near. You must remember at Dunkirk they did lose great volumes of material and the coasts of Britain were unprotected.

Mr. BENDER. If we have 50,000, say, skilled workers in Australia, or 25,000 in Egypt, it is no simple thing to recall them back home and put them in industry.

General HERSHEY. You would simply be using the transportation. Not only that, but of course if you fight in that far-flung field you have got to have maintenance bases out there, where you have to have a high percentage of skilled workers.

I would like to say this, that our dependency arrangement has given a great deal of incidental protection to industry. When you look at the percentages we have deferred for occupational reasons at the present time and look at what England has, you are just looking at two different things. Our World War experience shows us that for every man that was deferred occupationally at least 10 men were deferred for dependency, who could have been deferred for occupational reasons had they had to ask for it. So we have had a little bit of an easier time by having a blanket on deferment. As we go into the deferred classes for dependency we are going to have to work harder to reclassify these men in 2-A or 2-B, if they have to go in them, before we put them into 1-A. That is one of our very serious problems.

Another thing I would like to call your attention to, the fact is, I believe, we have done much better than England in breaking down our skills. I think we have been able to break them down, and I do not mean to say that there are not key men. Gentlemen, I believe we have come to a place now where both in the Army and in the Navy and in industry, your biggest demand is for somebody that you can make into what you want him to be.

Now, in this study here, we cannot take them out too fast, but if the withdrawals from industry, even of the semiskilled, are reasonable, well and good. As long as the supply of women, overaged men and less physically fit remain available, they can be trained and must be trained.

Mr. BENDER. There is need, however, in your opinion, for a uniform policy regarding this matter, isn't there?

General HERSHEY. I would not want to quibble over what you mean by "uniform," but in the first place England has decentralized about as much as we have. England has quite an inspection system, but, as I understand it, one of the most difficult things in the world is to find inspectors that can really decide on the question of what a factory can spare and what it cannot.

When you get down to it, I think we are going to have close cooperation. I think W. P. B., for instance, is going to have to say, "Here is a drop-forging factory that has got to go," but just as soon as there are 100,000 factories that have to go, then you cannot give them must protection, because you cannot protect everything.

DISADVANTAGES IN SETTING UP TECHNICAL COMMITTEES

Mr. BENDER. General, at the present time we are told that local boards having layman's knowledge of the needs of industry cannot give proper weight to occupational status in deferment policy. What do you think of the suggestion that technical boards be established to decide or to review cases of occupational deferments?

General HERSHEY. Well, I would like to challenge that statement. I will grant that the local board is a lay board, but I would like to point out that operating even these factories from the management's standpoint and trying to decide whether you can take out 2 or 10 percent is somewhat of a strategical question and it hasn't that technique. I think these local boards have not only found that perhaps they did not know every single process in the factory, but our experience has been that management has not known very much about who does what in their own factories. I do not think it is a technical situation. I think you have got first of all to depend upon management, and I am very much interested in the management labor committee and how it develops. Until it has had a little more time to develop, it is a question whether it can pass. If it can take the responsibility for production in the factories, I think it can take some responsibility in deciding what persons they can spare, and what percentage of people they can spare. We are flexible enough, if that advice can be given, to act on it. I have no fear of that. The thing I have had fear about is the factory which wants to keep every man when 60 percent of them are immediately replaceable—and an additional 15 or 20 percent if you give them 6, 9, or 12 months.

The technical committee, I have no particular quarrel with; I think we have got to be very careful, though, that we do not get such a succession of committees that we do not get anything done.

Mr. BENDER. Your impression is that too many cooks spoil the broth.

General HERSHEY. Unfortunately, I have seen some projects that have been going along, during which time I have had to mobilize over a million men. I just wonder what would happen if I had waited

until everybody had gone over the matter and was thoroughly satisfied. I have been nothing but a battery commander most of my life, but I generally left to the corporal as to how to run his squad. Even though he makes a mistake once in awhile and shoots the wrong man, he is better off than if he waits until he tells me and I tell him to fire, because by that time he is captured and so am I.

POSITION ON VOLUNTARY RECRUITMENT

MR. BENDER. We know that you have gone on record several times against the voluntary system of recruitment for the armed services. Recent newspaper accounts have stated that the Army and Navy will not accept voluntary recruits unless they have been granted a release from their local boards or from employers. Do you consider that the problems of voluntary enlistment will be solved by these arrangements?

General HERSHEY. I would like to make one correction and then say "No." The correction I want to make is that the Navy has only obligated itself not to take 2-A, 2-B and 3-B, and then I still answer "No." My answer is, until you close the avenues and put one valve on the intake the valve will be buried and there will be leakages there, but they will not be near as much as when you have a half a dozen spigots running and you just cannot get around to watch them all.

MR. BENDER. President Roosevelt observed in a recent press conference that 18- and 19-year-old youths will probably not be drafted for service this year. Do you care to express an opinion regarding the necessity and desirability of recruiting youth of these ages?

General HERSHEY. Now, wait a minute. I would have to say that recruiting anyone is not in accordance with the philosophy that I was taught in becoming whatever I am on the question of manpower. I am over 100 miles from home so I guess I am an expert, but I do not believe that you should have recruiting anywhere. I simply believe that, because, first of all, in times like these, I do not think the individual should be obligated to decide when he does what he must do for his country. I think he is entitled to have that decided for him.

Another thing is you cannot run a recruiting system for any group without affecting other people. Sunday night, for some reason or other, I had a chance to turn on the radio and tuned in a program that I listen to at times, and I found myself being told who needed men for the armed forces. If I had not had some other ideas, perhaps I would have been led to believe that there were certain things that people needed that had opportunities to get them in other places. I think any recruiting is unfortunate, but that is a personal opinion. I have expressed it so many times and it has not accomplished anything, so I have no particular hopes in it. Now, you asked me the question, and that is my personal opinion.

MR. BENDER. You are trying to be nonpartisan between the Army and the Navy, is not that it?

General HERSHEY. I have associated with the Navy for a long time. Because I merely happen to belong to the Army does not mean I lean that way. I would probably criticize them as quickly as the other branch of the service. I do think it is unfortunate that we have not had a common method of increasing both of them.

ESTIMATES OF AVAILABLE 18- AND 19-YEAR-OLDS

Mr. BENDER. How many 18- and 19-year-olds are there?

General HERSHEY. You mean left?

Mr. BENDER. Yes.

General HERSHEY. Well, at the time we registered them, we had about $2\frac{1}{4}$ million, but remember that this supply is being drawn upon in quite a number of ways. That is, there are several kinds of Reserves. There are enlistments in the different forces. I would not attempt to estimate just how much that has been depleted in the last 3 months, but I think it is quite a little. I think you should remember this, that those who are in it will represent the residue from which able-bodied people have been selected.

Mr. BENDER. How many would you estimate have already volunteered for service?

General HERSHEY. You mean, since June?

Mr. BENDER. Yes.

General HERSHEY. Probably not more than a quarter of a million. That guess is very vague. I do not know. In the first place, I do not have access to recruitment, nor do I have figures for the several Reserves that are in existence. I think my opinion would be quite worthless on that.

Mr. BENDER. On the basis of your experience, what would you say as to how many of the remainder will pass the physical examination?

General HERSHEY. Of course, this group ought to run very high. We hope that at least 80 percent of them would, but I do want to point out to you that of the ones that are left, many of them have already been rejected. In other words, the ones that have gone probably represent the 80 percent, and we still have the 20 percent rejected out of another perhaps half a million that have already gone. So that is going to make quite a rejection rate in the residue, greater than it ought to be.

Mr. BENDER. How many do you think the draft would get?

General HERSHEY. While I am guessing somewhere around a million, someone else would guess 500,000. Your guess I think is as good as mine.

Mr. BENDER. Do you think the estimate that has been made in some quarters that there are 2,000,000 that could be drawn from this group is way out of line?

General HERSHEY. I think that is 'way out of line. I think if I could get somewhere around a million and a half it would be doing very well. The more we need manpower the lower become the physical standards. That is another thing that makes it very hard for the manpower estimator, because he is figuring, first of all, on something that is fluid. Even the yardstick sometimes has 36 inches one day, the next day 28 inches, the next day 24 inches, and it keeps one on his toes in making the measurements.

Mr. BENDER. The claim has been made that the average age for Marine enlistments is $19\frac{1}{2}$ years; is that correct?

General HERSHEY. I do not know. I happen to have several Marines on my staff. They have been with me so long that I do not think that I can get any more information out of the Marine Corps than I have already received. I was always curious when I asked them whether they meant during the last year or the last 20 years.

You see, statistics are a very peculiar thing, and you expand your base on what you want to prove, that is, if it is favorable, and if it is not, you eliminate it and try another base. So I don't know.

Mr. BENDER. Voluntary enlistments, in your opinion, tap mainly youths below the age of 20?

General HERSHEY. No; I would guess it is at least half. I do know something about the number of men I lose between the day they get their notice of induction and the day they are supposed to be inducted, and that somewhere around half of the recruiting in the months came out of that group. I would have to presume quite a few were above 20, because I do not select for induction anybody under 20.

Mr. BENDER. I have had more letters, and I assume that is the experience of most of the Members of the House and Senate, regarding this drafting of fathers in 1943. How are you going to do that?

POLICY ON DRAFTING MEN WITH DEPENDENTS

General HERSHEY. Well, unless Congress has other intentions, I think that we will, first of all, take those with secondary dependents, those that are not fathers, those that are the fellows that have mothers, fathers, grandmothers, grandfathers, grandchildren, brothers, and sisters. You cannot take all the people, because there will be some hardship cases that will just have to stay back, and the local board will not take genuine cases where, even with the allotment money, it will not take care of the case.

The next group are those who have wives only, and again you cannot take the whole group, because the local boards simply will not take somebody's husband because they believe even with the amount of money involved that the case is unusual enough to warrant an exception. I realize those exceptions will not be uniform, but they would not be uniform if we made them from punchcards in Washington, and they would not be as prompt there, but that is another story.

The next group, we pass into people who are presumably with one child, and on up. Of course, the people that are rejected physically, if they are married, remain behind the same as any other 4-F.

The men that we have got to have in industry, necessarily we have got to reclassify each of these fellows, to be sure, to 2-A and 2-B. If they are necessary men in critical industries, we are going to have to review them and we will have to revise them. Even though someone says, "What is that 22-year-old boy doing up there?", he has been able to convince somebody that they have been unable to get along without him for 3, 6, or 9 months. Some of these studies we have made of the men in the two classes, on the question of age or critical skills, have exploded the theory a bit because of the fact that two of our largest industries have mushroomed from 1939. They happen to be the airplane and shipbuilding industries, and they had started out at a time when there was a great supply of youngsters available for employment. Many of the youngsters came in. Perhaps they were not too important, but they tried to make a case for them. Some of them have actually, with the growth of the plant, come into positions of some skill and some responsibility, and it is going to take quite some time to replace many of those. They are always a bad public-relations problem, because the wife who is losing her husband is

saying, "Why is that young fellow over there not inducted?" If that young fellow is the only man that can make a drop forging, or something of that kind, in the national need, as I think you brought out a while ago, the occupational need may be there to keep him.

Mr. BENDER. General Hershey, serious labor shortages in some industries are the result of the out-migration of workers who seek better-paying jobs in other industries. Notable examples, of course, where labor shortages have arisen, are nonferrous metals, lumber and agriculture. To what extent is deferment of workers in these occupations based upon their remaining in these occupations?

OCCUPATIONAL DEFERMENT IN CRITICAL AREAS

General HERSHEY. In theory, we have always said an occupational deferment is a coat that you wear while working at that job. When you leave that job you should leave your coat. In other words, you ought to be reclassified. You can see that during the time when we have plenty of men it is very possible for a man to be working on a farm in Iowa, get a 2-A deferment, and when next the board hears from him he is out on the west coast, and they send a 2-A for approval and they state that he is the most important man in the airplane factory. He has been there only 3 months, but that is the way the board feels. All right, he is keeping up the war effort, and they do not change his deferment. This order which the Manpower Commission got out a few days ago on copper is some indication of the fact that we have got to begin to manage our manpower on the basis of critical areas. I think we have got to face the prospect of the War Production Board saying: "Here are factories that have just got to run." I can visualize the Secretary of Agriculture setting up certain areas where certain things are being produced and saying: "That has got to go on." When that happens, the Selective Service's job is to give its full support to see that just exactly that happens. Then if a man has a 2-A deferment, he has to remain in that area and work. I do not think it is any more than he can expect. He will lose his 2-A when he leaves the occupation for which he has been given the 2-A. To that extent I think the occupational deferment tends to restrain him.

I do not think we have done as much of that in the past as we will have to do in the future, due to the fact that we felt we had quite an abundance of labor. We have a philosophy of abundance and a philosophy of plenty. That is what is hurting us now, because we are going from that philosophy to one of scarcity, and it hurts us, because the employers do not like to change. Men do not like to leave their families. You cannot blame them, but you cannot mobilize the whole Nation without dislocating both.

Mr. BENDER. Do you think that a review of wages and working conditions by a Government agency is necessary before such a condition upon deferment is imposed?

General HERSHEY. That is a pretty big question and gets me into something I do not know anything about. I came from a farm and merely because we lived economically does not make me an economist.

SOLDIER SUFFERS FROM THREE DIFFERENTIALS

I do know we have got in the Army three differentials that are set up against the soldiers. First of all, this differential of pay. It is much better than it used to be, but just the same he does not think he is getting as much money as he can get if he works at something else.

The next differential is comfort. He does not think he has as good a bed to sleep in, he does not have a chance to eat as well.

The third thing, of course, is danger. Those three differentials are always against the soldier and tend to make the fellow who has been in the Army any time feel that anything that tends to pay higher wages and to afford much more comfort broadens the breach between the soldier and the fellow who stays behind, and tends to make the soldier a little less contented.

Coming back to the farmer again: When I see the people leaving my neighborhood to go to Toledo, Indianapolis, and even Cleveland, Detroit, and Chicago, I think something ought to be done so they will not go off and leave the farm. Just how that is to be done, I do not know. When you get into the question of control of wages and living conditions, you are getting into something on which it is quite presumptuous for me to offer an opinion. I am just telling you what I feel as a person who has been some time in the Army and a quarter of a century on the farm.

DEFERMENT OF WORKERS IN LUMBER AND NONFERROUS-METALS INDUSTRIES

Mr. BENDER. You referred to the order of the War Manpower Commission as issued recently in connection with the lumber and nonferrous metals industries, where essential workers in these industries are granted deferments. Will you briefly describe what action the Selective Service has taken to implement this order?

General HERSHEY. We sent a telegram to 12 States. What we had to do was to call their attention to the fact that the men—

The CHAIRMAN (interposing). What 12 States do you mean?

General HERSHEY. Well, in general, about everything west of the Mississippi River. I do not know that I could name them, but they are the three coast States, most of the Rocky Mountain States, and I think it includes New Mexico and Texas.

The CHAIRMAN. They are the nonferrous-metal States?

General HERSHEY. Yes, sir, the nonferrous-metal States.

We called the attention of the State directors to the fact that when a man left the job for which he was deferred—perhaps the best way is to read the telegram. It states:

On September 7, 1942, the War Manpower Commission took action to increase the urgently needed war production of copper, critical nonferrous metals and lumber in the twelve States of Arizona, Colorado, Idaho, Montana, Utah, Wyoming, California, Nevada, Oregon, Washington, New Mexico, and Texas. It called for uninterrupted production and maintenance operations in all nonferrous metal mining, milling, smelting, and refining and all logging and lumbering activities carried on within those States.

So that the Selective Service System will give its full cooperation to the achievement of this objective, local boards are directed to reclassify out of class 2-A or

class 2-B into a class immediately available for service or out of class 3-B into class 3-A—

which moves them from the occupational into the straight dependency—

subject to the usual rights of appeal, any registrant who leaves a production or maintenance occupation in any of these activities without presenting satisfactory evidence to his local board that his separation did not adversely affect the war effort.

State directors in the 12 States listed above should give the widest possible publicity to the provisions of section 626.1 of the regulations—

that is the regulation which all along has said that whenever you leave the occupation you notify your local board. Those regulations have been in effect for 2 years. (Continuing):

section 626.1 of the regulations requiring that local boards be notified whenever a registrant changes his occupational status.

Mr. BENDER. When was that issued?

General HERSHEY. September 10, 1942, 3 days after the War Manpower Commission issued the order. It was either on the 9th or 10th.

Mr. BENDER. Would you describe the order governing the non-ferrous metals and lumber industries as a voluntary national service act for the copper and lumber industries?

General HERSHEY. I am afraid whatever I would say on that would not be worth very much. It is not entirely voluntary. It certainly is very lightly compulsory. Whether it is national service under any circumstances, I would not know. I think it is an effort to control manpower, that is, it is a law to control the manpower—no question about that.

VIEWS ON QUESTION OF NATIONAL SERVICE ACT

Mr. BENDER. Here is an important question, General. It is common knowledge that active consideration is being given by many Federal agencies for formulation of a national service act. As we understand it, there is a difference of opinion whether these controls should operate through the Employment Service or through the Selective Service Administration. What is your view on this matter?

General HERSHEY. Well, I think if I answered very honestly I would have to say that they haven't crystalized. I have heard a great deal about this discussion. I have been on a great many of the discussions. I have never yet, either as Director of Selective Service System or as an individual, come to the conclusion that national service was indicated. Now, I mean as of right now. If you say: Should we have it in January? I do not know—or any other time. But I have never been convinced that a national service was indicated.

Now, when it comes to how it is going to be operated, you have gotten into the very reason that I have had difficulty in seeing it as a national service, because I have not been able to visualize how you are going to operate it. If you have it merely as sort of a threat that you are only going to use when you have to, then I can say you need very little machinery for it. On the other hand, if you get down and actually manage 62,000,000 people, or some fraction of them, that is going to mean a lot of machinery, and I have had a great deal of difficulty in seeing it. Selective Service has felt that trying to mobilize the

people that they have mobilized and not mobilize the people they could not mobilize has kept us fairly well engaged. We, of course, are a governmental agency, and whatever we are asked to do we will do, but I do not believe that I have clearly enough in mind what a national service law will be to express very much of an opinion on how you are going to operate it. It depends a great deal on what kind of national service law you are going to talk about, whether it is something that tries to tell each human being what he does, or whether it is going to be one that will straighten out those who refuse to do even what public opinion feels they should do.

Mr. BENDER. Of course, you have heard a great deal of discussion, or have read in the newspapers or elsewhere, that there has been considerable talk regarding such a move.

General HERSHEY. Yes.

Mr. BENDER. Of course, we are vitally concerned about this whole question, and because of your experience in the administration of this matter, the committee is anxious to know just what your views are, and of course you have expressed them.

General, is the mobilization of manpower in England primarily the function of the Selective Service or of their Employment Service Administration?

General HERSHEY. They have one agency over there under the Ministry of Labor and Service that handles the mobilization of both men for the services and women for the services. They still have some volunteers, but as fast as they are putting in the services, it is handled by a single agency.

Mr. BENDER. To whom in this country do you consider the functions of the head of the Ministry of Labor to be comparable?

General HERSHEY. In this country?

Mr. BENDER. Yes.

General HERSHEY. I do not believe we have quite gotten to the place where there is any one person that is comparable, because at the present time you still have several agencies that have the right to draw without restriction on the labor supply. I am not talking about the labor supply meaning the man that works, I mean the human being that can do something in this war, whether he goes in the Army or whether he goes to work.

Mr. BENDER. This question is one that will hit us between the eyes one of these days. Of course, these questions are not being asked of you facetiously.

Let us assume for a moment that the Employment Service is empowered to carry out rigorous control measures over both employers and employees. In the event that such controls were exercised by the Employment Service, how would the functions of the Selective Service tie in with those of the Employment Service?

General HERSHEY. Well, I visualize that if the Employment Service is vested with the authority to move men any place they want to, you would have to have some penalty, probably, for their not going. Now, you can do that in two ways: You can make them amenable to some court, or perhaps someone might want to use the induction as another method. If they use the latter, then the Selective Service would be in a position where it would have to cooperate with the national plan to carry it out.

Mr. BENDER. I have another question in that connection. As you will recall from your previous appearance before this committee,¹ we are concerned with the mobilization of manpower to meet all the demands of war. You told us that the Selective Service System had the responsibility of registering and classifying the effective manpower of the Nation and of allocating men eligible for military service among the various users of manpower. How have these responsibilities been affected by the establishment of the War Manpower Commission?

ALLOCATION OF MANPOWER

General HERSHEY. I think at the time I was here before, we had to try to determine the industrial needs and act on them. At the present time, I feel that when the Manpower Commission says we have got to have men in a certain occupation, and prepares policies which we put out, I feel it is the obligation of the Selective Service System to carry out those instructions. However, the question that you can raise is what is going to happen if it gets to the place where you cannot do both. My feeling, although I do not know, is that self-preservation will take precedence and probably in a rather active way, and I suppose we have gotten to the place where if there is only one man left, I should say he would go to the Army. I do not want to be misunderstood that we are going to check building the Army. There are many people who can work in the factory, but there are only a limited number that can work in the Army. I think back in Boonesboro, or any other primitive place, as long as there are any able men left they are kept on the walls firing. Some put out the fires that are burning, some do other things, but they do not call the men away from the walls. When a man drops at the wall one of the boys goes up, a 14- or 15-year-old boy; he picks up the gun and takes the place of the man who has fallen. That holds true for the Army, the industry, or anything else. You have got to come back to see what you are doing. On the other hand, Boonesboro could not send men to the west coast in those days. They had to put the men right there where they could fight. You cannot be pulling the men back from the line. England did, I realize that, but England did not pull them very far, because they had them near at home.

Mr. BENDER. In your previous testimony, General Hershey, you expressed the opinion that if a national agency were set up to properly integrate and develop the allocation of manpower, both the users and procurers of manpower should be represented in this agency. You expressed the further opinion that such an agency should be civilian in composition. Do you consider that we have such an agency in either the War Production Board or the War Manpower Commission?

General HERSHEY. Well, I think that we have an agency that represents the users and procurers of manpower. If you are going to ask me if I visualize that they have accomplished all those things I can quickly say no. I do not know that it is humanly possible to do so, but the fact is we have not integrated—we have not decided our over-all picture the way, which at that time last spring, I perhaps

¹ See pt. 27, p. 10235.

hoped we would. There are many changes that have taken place, but you have got to start with something before you can change it.

Mr. BENDER. Your answer is "No" to the question: Do we have such an agency at the present time?

General HERSHEY. I guess I can say no or yes, but it has not done all the things I visualized. I don't care which way you accept the answer. What I am trying to get at is I am not challenging the statement that we have not got such an agency, but I do not think we have gone far enough yet to accomplish all the things I visualized last February. I think I have enough Irish in me to be a little optimistic, and I see things a little rosy at a distance.

Mr. BENDER. General, the committee has been given to understand that the War Production Board is planning to set up a division with regional offices to concern itself with manpower priorities, specifying the types and quantities of labor needed and calling upon the War Manpower Commission to fulfill these needs. If such a division is actually set up, what do you consider would be the responsibility of the Selective Service in regard thereto?

COORDINATION OF MANPOWER SELECTION

General HERSHEY. Well, of course, that comes into the question of the relationship between manpower and the War Production Board, and I perhaps have a little different idea than some. I think that it is the War Production Board's responsibility to see that airplanes—to take that as an example, which may not necessarily be true—come before tanks, or tanks come before something else, so on, and so forth. I think it is a good production business probably to say that in the production of airplanes they need so many hundred thousand men, and so many hundred thousand on each of the others. Don't misunderstand me. That does not mean that they get them, because when you add this all up the number is going to be greater than they have got. Then, you have the adjustment proposition by the person that controls the budget. I think the War Manpower Commission has the budgetary control. That does not mean if the War Production Board says they want 100 men that they will not get them. It does not mean the advice on which the Manpower Commission acts is not the advice of the War Production Board. What we have got to do is when they set up a plant here—I do not care what kind of plant it is—this plant must go on. We have, between the War Production Board and the Manpower Commission, our own occupational people who decide what percentage and how you are going to withdraw from that plant, and having decided that, perhaps with the assistance of the labor-management group, or anybody else that is connected with the production there—the management, after all, has got to be primarily responsible—then we have got to take the coverage, and there is enough flexibility in our system, I believe, to do it. Of course, you are going to make mistakes. In one plant, you may be withdrawing 60 percent and in another 90 percent—it all depends on what kind of activity it is, and the War Production Board has got to have the primary responsibility of deciding whether the airplane factory is more important than the tank factory, or between two airplane factories whether the fighter is more

important than the bomber, or vice versa. It is going to take, of course, cooperation of each group in it.

The Selective Service's business is, once it has been decided, to see where the manpower will go. We would go to the Manpower Commission and say: "Do you want your men in the plant or do you want them in the Army?" Even after a man gets in the Army there still is a chance to call him back. If we make a mistake that is too critical the Army can still furlough him out to go in the plant if they want him there worse than in the Army.

Mr. BENDER. General, if War Production Board controls the material budget and War Manpower Commission controls the manpower budget, and both are essential to production, who is going to control the production planning?

General HERSHEY. Well, I suppose when you get down to the last analysis, when cooperation between War Production Board and War Manpower Commission is stopped, you are going to have to have a decision, and the President is the one place where you can get that decision. That is on a very broad basis. When that decision is made, then there is not any conflict any more. I have been a staff officer a great deal of my life. As adjutant I had to get along with the quartermaster, and there was the question of who decides what, and finally we wound up with the colonel deciding it. After that we knew what had to be done.

RECRUITMENT OF DOCTORS

Mr. BENDER. General, the committee observes that the War Manpower Commission has undertaken an intensive campaign to recruit doctors for the armed services. Do you know what principles of selection are being used by the War Manpower Commission in this regard? What comment do you have as to the present manner of recruiting doctors?

General HERSHEY. Well, the idea, of course, was to try to provide the number of men that the Army and Navy had to have in doctoring. The War Manpower Commission, through one of their agencies, attempted to assist the Army in this particular. The Army attempted to send out boards, generally two men, into these localities, and these men, aided by the local doctor committees, attempted to recruit, and I think they have done a reasonably fair job. Selective Service has had very little to do with it—at times a little more than Selective Service cared to have, because it is quite easy to say, "What we want you to do we will tell the local board." We have a few agencies that at times do that. The only observation I have to make is that that has been done a little more frequently than I should like. I did speak, however, to the American Medical Association last summer, and I think Selective Service, so far as anyone understood our position, realized if they did not accept these commissions when the time came that we were called upon to furnish the doctors we would furnish them according to the way that Congress and the regulations laid down; that we would choose anybody else, that is, on the basis of general men who would not otherwise be deferred, and on the basis of the place that they were drawn in the national lottery.

DRAFTING OF 18- AND 19-YEAR-OLDS

Mr. BENDER. Coming back to this matter of 18- and 19-year-old youths, do you think the 18- and 19-year-old youths must be drafted next year, or sooner, if Congress acts?

General HERSHEY. I think that in a mobilization of this size, regardless of which one we go to, or which of several we go to, I think we either are going to take the 18- and 19-year-olds or we are going to take a million or a million and a half, somewhere in there, out of family people. That is the issue. Now, whether you take them in—well, November would be as early as we could take them granting we had legislation now, or whether you take them in January, or whether you take them in February is probably not greatly material, except the War Department probably has certain reasons why they do want younger men. There are probably certain reasons why industries are going to be disturbed less by taking the 18- and 19-year-olds than by going into this older group. I do not think, on the basis of any war we have ever had of any size, that we have had reason to believe you could come anywhere near an all-out mobilization and defer those groups.

Mr. BENDER. Do you definitely think you have to take men with dependents in 1943?

DRAFTING OF MEN WITH DEPENDENTS

General HERSHEY. I think we will have to take men with secondary dependents in 1942.

Mr. BENDER. 1942?

General HERSHEY. Yes; I have sort of hoped that the secondary dependents and perhaps a moderate number of men with wives only would be sufficient, but I cannot leave any impression that the calls between now and January 1 are not very, very large. There were numbers that 2 years ago this summer you would have thought in terms of a pretty big Army.

Mr. BENDER. How soon do you think you will reach men with children?

General HERSHEY. Well, in between being an administrator and a prophet, I get in trouble at times, but I have thought, or perhaps hoped, that the last quarter of next year would be the very earliest, but I would like to hedge to the extent that I am not familiar always with the demands, and I might have someone go up 40 or 50 percent in demands for manpower and still have my prophecies good. I made some prophecies when I was here the other time, and changing my sights 60 or more percent disturbs my prophecies a good deal. If I had to give advice to someone that had to have it, and I had to speak, I should say the last quarter of next year, but it is subject, as they say, to change without notice.

RECRUITMENT OF DOCTORS THROUGH RECRUITMENT AND ASSIGNMENT SERVICE

Mr. BENDER. Coming back to this matter of doctors, I had a call about 11 o'clock last night from an Ohio doctor who said that he was told in a rather firm letter to report down at Columbus for examination, and that some group of doctors had recommended him for a

certain branch of the service. He was the head surgeon in a hospital and his job was essential to that hospital, and they said that if he did not come through, why, they would put him on the noncooperative list, whatever that is. Have the doctors been compelled, by social pressure, to enlist rather than by any principle of selection?

General HERSHEY. The Selective Service has had nothing to do with procurement and assignment. They have an association of doctors and it has some connection with the Army and Navy and has been effective in this recruiting. The thing you speak of is the thing which happens on occasion, in which Selective Service has been somewhat embarrassed at times. The assumption is if the local board is notified they are going to draft him. That assumption is incorrect. I will not say you might not have a local situation in which it will happen. If I hear of it I shall appeal it.

I want to say when it comes to the time when we take doctors, we will take them, but when we take them it will be upon the basis of the evidence submitted by the Procurement and Assignment Service, the evidence submitted by the doctor himself, the evidence submitted by anybody else, his hospital in that case, and others who are interested, and when those things are valid and he is on the list, it will determine whether he goes or not.

Selective Service cannot wholly give up its functions to any agency; we are still responsible.

Mr. BENDER. Have the health needs of any communities received any consideration before the enlistment of doctors was accepted?

General HERSHEY. I am a little embarrassed trying to testify to this, because I have felt I had such a casual connection with it. I would say, "Yes, they have been considered." I think there is recruiting from at least half of the States, because of the fact the quotas were set up initially with consideration given to the number of doctors per thousand, not only in cities but within a region where the population was badly scattered. The only thing, in any volunteer business is the danger of "soft spots" recruiting. Remember you run into a doctor who is out somewhere where distances are great, collections are difficult, and he will be attracted a great deal more by a captain's commission than one in a residential district where the people in it are well-to-do, and that sort of thing. It has been given consideration in the setting up of the quotas initially, and sometimes, because doctors were willing and did find it easier to make more money, it was easier to recruit than in some metropolitan centers where the income was greater.

SUGGESTED METHOD OF RECRUITING DOCTORS

Mr. BENDER. General, if Selective Service had complete control over the recruitment of doctors, how would you arrange their recruitment?

General HERSHEY. As far as I know, there is nothing wrong with the allotments set up on the basis of the number of doctors per thousand in the rural areas, or the number of doctors per thousand in the city areas by the Procurement and Assignment Service, which is a combination of the American Medical Association, the Surgeon General's office, and so forth. I think I would apply against that the number of men that have already been recruited, and give them credit for it, and I would apply the quotas to the places that have not yet

furnished their share of doctors. We would start with the first doctor who comes to the local board, who is on the local board list. If he would indicate that he was a necessary man in his community, we would give him 2-A or 2-B. If he did not, we would put him in the Army, and follow the order numbers on down.

INSPECTION OF LABOR UTILIZATION

Mr. BENDER. That is a very direct answer.

The next question, General, we have received advices that there is considerable hoarding and overstaffing of labor in Government plants as well as those of private war contractors. Do you think that effective deferment policy must be accompanied by some system of inspection of labor utilization in those plants? If so, what agency should perform this inspection?

General HERSHEY. Well, I believe we are going to have to come to it. I would disagree probably with some of the technicians on how far down you would run for inspection. Not being a technician, probably as a defense mechanism, I would tend to try to take a general over-all picture of a plant. First of all, what are they producing? How many people do they necessarily need? Then go to management and say: "Look here, you are in for 20 percent. You make up your mind which ones you are going to spare." This is my personal opinion, but I think the training part of the Manpower Commission—training and inspection both for hiring and for upgrading and maximum utilization, and all that sort of thing, can go together better than any other. That inspection service, however, has got to be fairly well or closely coordinated, of course, with the War Production Board and with the Army and Navy people who have their inspections which are on the production basis. There is no reason in the world why it cannot be done that way. In fact, that is one reason why the inspection service does not have to be as large as you think, because the Army people are already in there, perhaps for another reason, but we use them now many times in determining where we can apply deferment, because they are interested in production. So, I think you will have to have some sort of over-all control, and that is the very thing that Selective Service is very much interested in, because when it is decided the plants are absolutely critical and under no circumstances must their production be interfered with, then we are able to do something for them. But you cannot have 300,000 plants and all of them critical.

I am a field artilleryman, and I think in terms of the limited amount of matériel, limited amount of men, and limited amount of shells, and therefore you have got to pick out the vital point to shoot at. If you put one shot every mile you will not do any good; you have got to make up your mind on what is critical and expend your energy on that. You just cannot be everywhere simultaneously.

RELATION OF LABOR UTILIZATION TO DEFERMENT POLICY

Mr. BENDER. General, the committee is much concerned with the problem of labor utilization within the plants and the relation of such labor utilization to an effective occupational deferment policy. How could labor utilization inspectors be of effective help in developing an adequate occupational deferment policy?

General HERSHEY. Well, we have been giving quite a lot of study for several months to different phases of what we call manning tables. I do not know that the name is particularly descriptive. It is an organizational table. What it gets down to, it says, "Here are 2 percent of people; if we lose them, we are gone. Death will take enough of them, perhaps. Here are 7 percent that are one-year or two-year people. Here is so forth and so on." This happens to be a Seattle corporation, and when you can accomplish something like we have got here, then no matter whether you are taking out 10 or 40 percent, you have got the order to take out and the plant knows just exactly what will happen to them when they lose them. It is difficult to get cooperation in every place to that extent, but that is what the labor inspector has got to meet. The fellow inspecting the use of labor has got to look at it as a whole, and he has got to be pretty careful in not getting himself too much involved.

The technician, if you do not watch him, is getting all interested in something else. You can go into the plants and when you see a good deal of standing around, a group standing around not doing anything, you can assume either that it is a bad day or else they are over-staffed, and we have felt very definitely that they are over-staffed.

Mr. BENDER. Do you think Selective Service considers that management-labor production committees could be of any assistance in developing an adequate occupational deferment policy?

General HERSHEY. Definitely, I do. If we could have a committee in each factory that would approach the things realistically, I should be perfectly willing to say: "All right; tell us, what have you got to have here and we will give it to you"; but the difficulty is to develop such committees into a place where they will accept a very heavy responsibility.

DISPOSITION OF OCCUPATIONAL QUESTIONNAIRES

Mr. BENDER. General, whatever was done with the occupational questionnaires which were circulated by the draft system?

General HERSHEY. There were three chunks of those. One small tabulating number is coming in from the Census. I do not know whether I have it here or not, but we are getting out reports by States which show the tabulation of the skills that are listed. One copy was turned over to the Employment Service, and one copy we still have in the local boards.

Mr. BENDER. Has an over-all occupational picture been made on the basis of the questionnaire?

General HERSHEY. No; there have never been enough funds allotted to the Employment Service for them to make their tabulations. The initial plan was that they were to make the survey. We only acted as the gathering agency. We did later insist on keeping a copy, because we were afraid some day the time might come when, for some reason or other, they would not be available elsewhere, and when we would be called upon to do something in an emergency. We have them, and we have them filed with the jackets. Up to date, we have not used them, except in determining whether or not men should be deferred, and not the Selective Service System itself, except in the tabulations which we made through the Census; the Selective Service System has not attempted to do this sort of thing,

and the Employment Service has not had enough funds, as I understand it. In fact, I went before one of the subcommittees of the Senate with someone else, the chairman of the War Manpower Commission, to try to get some funds for them to use, but we did not succeed very well.

Mr. BENDER. General, in order to straighten out the record, you say you were misquoted on the 13,000,000 Army. Do you care to tell the committee what you did say?

NUMBER INVOLVED IN MOBILIZATION

General HERSHEY. What I said was, as I remember it, that in any mobilization that involves ten to thirteen million people—now, mind you, either figure would include not only the Army but the Navy, and bear in mind always, regardless of the men called, the men that sail our merchant marine, have got to come out of this great group, because they cannot be too old, they cannot be cripples, they must be active, like the men you normally have for the Army and Navy.

Mr. BENDER. I hold in my hand a newspaper that commented on your statement and just quoted something that was only part of what you said, and they proceeded to editorialize and treat you as if you were a Congressman in the editorial.

General HERSHEY. Yes, sir.

Mr. BENDER. I will ask you this, in closing, General—and I appreciate your frankness in answering questions: Now, I know that you are not a politician, you are not running for President or justice of the peace. Is it not your opinion that those people vested with these various powers, in line with the questions I have asked you, should not at the same time be running for some political office while they are administering this job?

General HERSHEY. Well, I happen to come from Indiana. As you say, we are not politicians out there, so I would have no capacity whatever to answer your question.

Mr. BENDER. That is all.

The CHAIRMAN. General, I think you have been mighty patient, and, speaking for myself, tremendously interesting. I have just got one or two questions or observations to make, and then the other members of the committee are entitled to have some questions.

To me, the tremendously interesting thing that you pointed out was that while England made a mistake in sending their skilled workers into the Army and she had to recall them, the distance she had to recall them is not comparable with the distance we have to recall our soldiers. In other words, if we send them to Australia or Egypt it is going to take months to get them back, if we ever get them back. That is a problem that the Congress should give deep study to, and that is why these hearings are very useful, to anticipate any possible solution.

Along that line, let me give you some figures. You probably know more about that than I do, although I just received this report (reading):

LOSS OF AIRCRAFT WORKERS TO MILITARY SERVICES

The aircraft industry in California—
this is from Lockheed—

has lost more than 15,000 employees to military services since last January 1. Of that total, 3,593 left the factories of 5 companies during the first 28 days of August, according to data compiled by the Aircraft War Production Council.

During the first 6 months of 1942, an average of 1,390 men left factories of the 5 companies each month to join the Army, Navy, or Marines.

An increase of 158 percent over the 6-month average was recorded by the 5 companies in the first 28 days of August when they lost 3,593 men to the armed services.

Figures of the five companies represent a rate of turn-over for military service of 1.91 persons for every 100 employees in August. This figure was doubled between August 24 and 26 by at least two companies, bringing the rate to 3.82 persons for each 100 employees.

If that rate of 3.82 persons leaving for military service out of every 100 employees continues for the five southern California companies for the next 30 days, without any further increase in the percentage, a total of more than 7,000 aircraft industry workers will be lost to military services. It should be pointed out that many of these are in jobs essential to war production and are irreplaceable at this time. The figure for eight companies will be considerably higher.

However, that rate is still increasing and unless the trend is checked effectively and immediately, the aircraft companies of southern California will be denuded of experienced workmen in the draft-age group by the end of 1942. Many of the men now leaving are men who must be depended upon to teach new workers on the job. Without sufficient experienced personnel to instruct new personnel, the entire airplane production program of California plants, which represent a large proportion of the Nation's aircraft production, will suffer a danger setback which may disrupt schedules—

They give the figures, and I will be glad to see that you get this, General (continuing):

We have noticed a substantial increase both in number of men being drafted from our company and the number of men leaving to enlist in the armed forces which we attribute entirely to the newspaper publicity releases relative to the induction into military service of essential and necessary employees in industry.

I am just giving you those quotations to see what problem we have in California.

General HERSHEY. I will be glad to comment on it.

The CHAIRMAN. I was just wondering what it is doing to the aircraft industry now.

General HERSHEY. I do not want to take the Committee's time, but I would be glad to comment on it. I am quite familiar with the situation out there, and I know some of the factors in it. I would like to call the committee's attention to one or two or three companies.

The CHAIRMAN. Maybe some of the other Congressmen would want to ask some questions.

Mr. ARNOLD. I would like to ask the witness to comment on it.

General HERSHEY. We have got a very delicate situation out there, because remember that at the present time out in southern California 24 percent is the highest that any company has in women. In other words, when Britain is running with 60 to 65 percent of women in the airplane factories, we are lagging. We have got one company out there that has only 5 percent women. There are a lot of reasons for that. They started at a time when there were lots of young men available. Not only that, but we all wanted them to be hired. Don't think I am blaming the aircraft people, not the slightest, but they find themselves in a rather difficult situation because they have

got a lot of men that are under 22 or 23. In fact, we have got 125,000 in the State of California in 2-B out of our million.

Now, what has happened? Well, this thing that they are charging, I suppose no one else in the country is as much to blame for it as I am, but let me call your attention to this: Up to a little while ago we had thought of this war in the sense that of course we are going to have to lose rubber, we are going to lose cars, we are going to have gasoline rationing, but the average man who had a wife felt that he was not going to participate in it actively, and I think the man who was deferred in 2-B, especially the one who had two or three deferments, thought he was in there for the duration of the war. Now, it was a rather severe jolt in August when it came to their attention that they were only there until the Army took them out, and many of those boys, I think, said: "Well, if I am going to leave, why don't I leave now?"

QUIT RATE IN CALIFORNIA

I would like to mention one or two other things, and one is the quit rate in California. I think it got around to 4 percent in the last part of August, for 4 or 5 days. I think some did go back to work, but the quit rate in the airplane factories has been over 5 or 6 percent ever since the 1st of January, and of that number, until August, only about 1.1 percent was due to military reasons.

Another thing, out of those who quit for military reasons, most of the time over two-thirds of them enlisted, and even in the last 5 days of August, the band of those being inducted rose, but only about 25 percent when it ought to have gone up 60 percent, because the call over August in the United States was about that proportion to June, for instance, and yet during that same time, when we increased the call 50 to 60 percent in the United States, the numbers that were actually inducted out of several of those firms out there fell off, but the enlisted rate went up two or three or four or five times, of course due to the fact that they had to let them enlist in the first place, and I had said that the time would come when we were going to have to make a determination on the really necessary men.

Now, certainly we do not want these people flowing out of these airplane factories at a heavy rate, and I believe we are going to figure out a way with them so we can replace them. As soon as you leave places where your men go freely, you cannot tell where they are going.

The CHAIRMAN. You are not overenthusiastic about this idea?

General HERSHEY. Sir?

The CHAIRMAN. You are not overenthusiastic about this idea?

General HERSHEY. These airplane people out there are some of the best supporters I have ever had on this recruiting. Some of the figures I have had on recruiting have been furnished me by one of the largest factories. Some of the best material I have had has been furnished by the California airplane people on their relationships. They have kept very close track of that for a good many months. I am not being critical. They have a terrific problem, but they will have to let go a great many of the boys. The thing is not to have them go so rapidly that it will interfere with production.

Mr. CURTIS. General, is it not true that the longer the factory waits to hire women and men past 45 the greater the problem gets

and the more serious it is for them and the more serious for the Nation?

General HERSHEY. Yes; they realize that now. I guess they did not realize that last spring.

THE URGE TO ENLIST

Mr. CURTIS. Referring to the boys that are enlisting, I have had occasion to talk to a number of the boys, many of them farm boys, and they are not enlisting because they fear they are going to be drafted. I have talked to a young chap who had several deferments, who was with the Martin plant, and he enlisted because he had the urge to enlist. All his buddies, old friends, chaps he went to school with, were joining the Army, willing to make whatever sacrifices were necessary, and he did not want that job and he did not want that pay.

General HERSHEY. Yes.

Mr. CURTIS. Is it not true that as long as industry can get a man deferred they will not replace him?

General HERSHEY. That has been the tendency. I think something has happened here in the last month or so. It is a little bad out there for a few days; but I think we are going to get on top of that, and I think it has done some permanent good.

Mr. CURTIS. The agricultural regions, agricultural interests, have not gone to the extreme in demanding deferments, have they?

General HERSHEY. No. I think we are faced with the time when some of the critical areas are going to have to be in agriculture, and they are going to be very critical.

Mr. CURTIS. I think it has reached a point in a number of rural areas where they look upon occupational deferment as draft dodging. I am not commenting on whether it is good or bad, but it exists; is not that true, General?

General HERSHEY. It is. That is one of the things we must meet all the time in occupational deferment. Remember, gentlemen, we are fighting a twentieth century war with human beings who have still a sixteenth century complex: "When there is a war I am going to do what I can in the Army, or do a lot of things," and you are still going to have trouble. When the pressure gets too heavy a man is not going to stay; he is going on.

Mr. CURTIS. The longer the war lasts the greater the need gets. As you pointed out a bit ago, the kids, the women, the physically imperfect, the men past 45, might be able to take over the factories and farms, but they cannot take over the piloting of planes or running of tanks; is not that true?

General HERSHEY. That is right.

DEFERMENT POLICIES

Mr. CURTIS. The greater the occupational deferment program we launch upon, the greater the danger point we are going to reach if the war lasts a long time; is not that right?

General HERSHEY. That is true. The whole problem is how to draw them out slowly enough to not disturb production.

Mr. CURTIS. Do you know of any industry or any line of work that does not consider that line of work the most important one in the war?

General HERSHEY. Well, my experience in the last 2 years would bear out your statement, I think.

Mr. CURTIS. It does not even warrant a comment. As I understand it, you do distinguish on the matter of deferment between mere dependency and the family relationships.

General HERSHEY. Well, at the present time, the family relationship is paramount. Now, when you get down to a place where you have all the men who have a wife only, I presume most local boards would take the man with the wife who was fully able to support herself before the man whose wife had to live on his allotment, but the manpower thing is moving so rapidly that even if they did take him earlier he might still be on the same call.

Mr. CURTIS. Take two men with an equal number of dependents, one of them is a father of children of rather tender age, would you distinguish between that individual and someone who is supporting a wife and grown children?

General HERSHEY. I am hoping we have not got to come down to decisions between men with children, because we have told the local boards not to take anyone with wives and children without further instructions. That is going to be a little hard to carry out in areas where, as I said a while ago, there is \$70 or \$80 or \$100 waiting for the wife and children, where he has not given them any more than \$25 any time during his life, and we do get that in some parts of the country.

Mr. CURTIS. That is what you are hoping you will not have to come to a decision on in the last quarter of 1943?

General HERSHEY. That is right. In my own experience, having brought up part of the way four children, I have a feeling that up to the time they are 12 years of age is the time that they probably could use the father, and especially in the lower income brackets, and that is where I had my experience, rather than after they get up above it. My experience has been that a father has to do a great many things that are just called work, maybe washing dishes, washing clothes, or doing something else. When the family gets to growing I think the family can spare the father easier. When my youngsters began to get over 12, I was not active enough to keep track of the family probably as much as I was when they were small. That is why we rather oppose taking the young, the 25- to 35-year-old father with a lot of children, rather than the fellow between 35 and 45.

TRANSFERS OF CLASSIFICATION

Mr. CURTIS. Local draft boards tell me that they get orders from some place, I do not know where they get them. They have jurisdiction over a young man because he has registered in that community, and when he is working some 2,000 miles away they do not pass on the deferment, somebody else does. Who does it?

General HERSHEY. That is the case of transfer of classification from the local board. Where the boy left the farm and went out to work, well, we will say, in the shipyard or airplane factory, they transferred the classification to the other board and the transfer is registered in the initial board. They do not let go of the record. He still would be classified at home. What it was set up for was to try to make it so the man would not have to travel long distances in order to make a personal appearance before the board. You see, both his physical

examination and his induction can be carried out when he is away from home. It is a convenience, but it is a thing that the local board does not have to grant if they do not want to. They do, because they feel they do not want to bring him so far, a thousand miles, whatever his destination may be.

Mr. CURTIS. General, I have some five questions calling for statistics. If you do not have the information but it is available, you can furnish the data for the record. I would like to read the questions to the reporter, and you can supply the information.

General HERSHEY. Depending on what they are.

Mr. CURTIS. I am not very anxious to get information that anybody should not have.

I would like to have the number of men who were unmarried when they became subject to the draft law, who are now between the ages of 20 and 45 and are not now in the service.

I would like to have that broken down into States.

General HERSHEY. You want the number of single men that were single when they registered; is that the point?

Mr. CURTIS. I said, subject to the draft law, because there was a certain age group that were in and then they were out and then in again.

General HERSHEY. We will do our best. That is a pretty good-sized job.

Mr. CURTIS. May I say this: If any of these figures call for a break-down that you do not have, I do not want it.

General HERSHEY. We will do what we can.

Mr. CURTIS. Then, I would like to have the number of unmarried men and married men without children that are deferred from the draft by occupational deferment.

General HERSHEY. Well, the men that could make a dependency case would not come up for occupational deferment. The only fellows that you will have will be the ones who either had wealthy wives or working wives prior to the repeal of 15 (c), and the ones who have been reclassified during the last few weeks, the 3-B. You see, the 3-B is an occupational classification, it is a combination of occupational and dependency.

Mr. CURTIS. You do not have that separated?

General HERSHEY. Yes; we have the 3-B separately, but the fellow that is in 2-B that is married, that is a little unusual.

Mr. CURTIS. I want the unmarried.

General HERSHEY. You can practically take the whole million in the unmarried. With the very occasional fellow in 2-A or the 2-B that are unmarried.

Mr. CURTIS. Do you have that broken down by States?

General HERSHEY. Yes.

Mr. CURTIS. In that break-down can you tell me how many of them were farmers?

General HERSHEY. I think we can give you some, at least in several of these States around in the breadbasket, we have probably got more in there than we have in some of the other areas.¹

Mr. CURTIS. Do I understand that there have been no fathers with minor children drafted?

¹ See Exhibit 8, p. 13314.

DRAFTING OF MEN WITH FAMILIES

General HERSHEY. No; of course that is not true in the first year and a half. Several local boards carried out too strictly the congressional injunction, they began to take the married men who had an independent income, unearned income, or whose wife had an independent income, or an earned income. It included not only the wealthy wives but the working wives. There was one other thing, and that is the date of marriage, because we have ruled administratively certain marriages after certain dates are not marriages under our rules. Of course, you have got men who will live apart from their wives, that even now, even if a man had a wife and six children, if he is living apart from them, he cannot make a claim of maintaining a bona fide relationship. I think I was telling you about the wife that called me the other night and said her husband was in the Navy, wanted me to do something about it, that she told the local board she was not living with him but now she had changed her mind, but he was gone.

OCCUPATIONAL DEFERMENT OF GOVERNMENT EMPLOYEES

Mr. CURTIS. I would like to have the figures on how many Government employees have received occupational deferment. Is that available?

General HERSHEY. We can get something on that, because Senator Tydings' committee took that up. We studied a thousand cases. I think quite a share of them have gone into the service—before we got through with the survey—but at least you will have some. As to the number of people in Government employ, it is not necessary that they be deferred, but regardless of whether they are men or women they do come out of the pool, and they constitute some problems that we have got to solve?.

Mr. CURTIS. I would like to have the number of men between the ages of 20 and 45 without dependents who are now employed by the United States Government and are not in the armed services.¹

DEFERMENT OF FARM LABOR

And further, General Hershey, I would like to read a letter which I received from a member of the advisory board of the draft board in one of the counties in my district and ask you to analyze the case given therein and give me the answer. In this connection, I might say that it is the opinion of a great many of us that the rural areas in America are furnishing more than their share of the soldiers and that this is because rural people are slow to ask for deferment and labor and industry are pressing their cases vigorously.

I will now read the letter:

PHIL B. CAMPBELL
ATTORNEY AT LAW
OSCEOLA, NEBR.

SEPTEMBER 14, 1942.

HON. CARL T. CURTIS,
*House of Representatives Office Building,
Washington, D. C.*

FRIEND CARL: I have had a long talk this morning with the local chairman of the draft board and learned that he wrote Senator Norris yesterday about the matter which is on my mind and of decided importance to Polk County.

¹ This material, not having been received at time of going to press, may be published in a later volume.

The tentative call for October is substantially more than twice the one for this month, and the board has been notified to prepare for a call of 50 percent more than that for November. I am chairman of the advisory committee, and in close touch both with the board and with men who are asking deferment of their sons in order to enable them to get this year's corn crop out of the field. We have, in the north half of the county, a good corn crop for the first time in years, and they, of course, want to save it if possible. It is impossible to hire help when they can go to Grand Island or Hastings, or any one of a number of other places in Nebraska, and get 60 cents an hour for common labor with a lot of overtime every week so that it brings their check up to around \$50 a week. If the present program of the Selective Service is carried out, it is going to mean that thousands of bushels of corn in Polk County will probably rot in the field, and it is going to mean another thing on the meat and produce angle. I have just prepared an affidavit asking for deferment of his son by a farmer in his 50's, who has 98 acres of corn, and he tells me that if he is going to have to shuck it alone, the only way he can possibly get it done will be to sell off all his milk cows except enough for the family.

On the other hand, the draft board members tell us that when they try to get a man out of an airplane factory, they get a flock of affidavits about how important he is; that he is working 40 hours a week, and sometimes more, and things along that line. Forty hours is just the start of a Polk County farmer's week. I recently talked to a young man who came back from California where he had been working in an airplane plant since before the first registration, and he tells me that most of the workers would be glad to put in longer weeks, but are limited to 40 hours. From what information he gave me, I am convinced that these plants are attempting to keep at least three men to do two men's work, if the two men were permitted to work full time, while here on the farm one man is expected to do three men's work and get it done somehow.

It is self-evident that a man in the factory or a man in the service must eat before he can do his job; if our farms are to be absolutely denuded of our labor except the aged, infirm, children, and women, then how long are the other fellows going to be able to eat? Don't you think it would be wise for all of the Nebraska delegation to present this matter to General Hershey along the line the Kansas delegation did last week, and certainly sufficient pressure can be brought to bear to, at least, let us get out the crop we now have practically matured.

PHIL B. CAMPBELL.

As I stated, I would like to have you analyze the contents of the letter and give me the answer.

General HERSHEY. Mr. Curtis, our records disclose that approximately 23 percent of our registrants were working on farms, whereas only 13 percent of registrants who have been inducted had been working on farms. Such statistics may not be entirely accurate, however, and there are factors involved which should not be disregarded. In this latter connection, it is common knowledge that there has been a tremendous migration from the less attractive war-effort jobs to the more attractive war-effort jobs because of the differentials in pay, comfort, danger, and other working conditions. In addition thereto, the Navy and Army recruiting services by conducting campaigns in rural areas have played a considerable part in disrupting the manpower situation.

There is no question but that Selective Service should not sit back and say that because it was not one of the main causes for the migration that it should not do all in its power to remedy the situation. Selective Service must not aggravate the farm manpower shortage by denying deferment to farm workers who cannot be replaced and who are working on essential farms.

In this latter connection it must be recognized that not all agricultural activities are essential but that there are some nonproductive units as well as some that may not be producing essential products or products of which there are or will be shortages.

Selective Service has been endeavoring to get the best information available from the Department of Agriculture and from all other available sources, but the time has come when it is necessary for more specific plans to be formulated on the basis of how much material, equipment, and manpower is to be available for the agricultural phase of the war effort after total war plans of all war-effort users are conformed with, and cut down to existing supplies of manpower, materials, and equipment.

Present indications are that something must be done in the near future to clarify this situation. In the meanwhile the Selective Service System will use its full powers and all available information to the best of its ability.

Mr. CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Congressman Arnold.

Mr. ARNOLD. General, I just wonder if you know whether or not the farm boys have been deferred in as large numbers as they could have been?

General HERSHEY. Well, that is a very difficult question. I have thought that we had a farm problem. I think for a lot of reasons the agricultural areas have been stripped. They always have, to my experience, whenever you have a shortage of labor. That was true back in 1910 or 1911 in my part of the country when Ford started the expansion of his plant. We not only lose the men to the services but of course we lose them in every other place, because for some reason or other, wages or manner of living, they want to go somewhere else, and of course there are some voluntary enlistments. We have in the agricultural States a very fair proportion of 2-A, but whether we have enough or not I do not know. I don't know whether we will know until perhaps this year. We have got good crops in the first place, and I think they will, somehow or other, get them harvested, but next year is another problem, and I think it is one that has got to be given quite a little study.

Mr. ARNOLD. Then, in deferring the boys on farms you might take into consideration the fact that the country is depleted by men going to defense work?

General HERSHEY. We have got to take that into consideration, because the men who will go into the defense work will be in 2-B and will not be in the group on which we lay our calls anyway.

Mr. ARNOLD. For instance, in the little county where I live in Illinois, last year 34 children were in the grade school, and this year, because the men have boarded up their homes and gone to defense work, there will be only 14 children enrolled in that school. Those men naturally will go without work and will be available for agricultural occupations, seasonal occupations, but once they go to the defense plants they are not available any more.

SELECTION OF DOCTORS

Now, another question along a different line. Don't you think the manner of selecting doctors by the Medical Association is likely to be abused and doctors will be railroaded who are in competition with those who have the authority, and a great injustice will be done in that manner of selection?

General HERSHEY. I think I would better content myself with saying that that is always a possibility. I do not know that I can say that I know of specific cases. I have had some come to my attention that might be questioned. There are many reasons why it would be better to have doctors chosen by some sort of voluntary method, but all voluntary methods that require large numbers get into social pressures and many other things that are very unfortunate. The same thing happens in any other volunteer system; the same things that are bad with the volunteer methods, no matter what you get them for, do apply in the getting of doctors, and perhaps some of the other things that you suggest, especially if you leave it to other doctors. Doctors remain human beings. That is the point I am trying to make; they remain human beings even though they are doctors.

Mr. ARNOLD. That is all.

Mr. SPARKMAN. General Hershey, I want to ask you a few questions. The hour is getting rather late. I will probably get you when you come before the Military Affairs Committee anyhow.

INDUCTION OF FARM LABOR

I have just returned from my district, and one of the principal topics of conversation throughout that area, which is primarily an agricultural section, was the working of the various draft boards. The farmers tell me they are already confronted with a very serious situation with reference to harvesting this year's crop. For instance, in order to comply with the request of the agricultural program they have planted thousands and hundreds of thousands of acres of peanuts, something they had never grown before, and now they are threatened with the possibility of letting the peanuts go unharvested because of lack of farm labor. From nearly all of them comes the report to me that there are no deferments for farm labor. In fact, I do not know a single farmer in my home district that has been deferred by reason of occupation.

I have a letter, since coming back up here, from some farmer that told me that early in the year they took off two, I believe it was, who were working for him and that now he had only one left, one man, who had made a crop for himself and had helped him make his crop. Now, he has been notified to report for induction, leaving the crops unharvested and nobody to harvest them except this one man who is 75 years of age and his brother who is 83 years of age.

I talked to one member of a draft board who was a farmer himself, and he told me that they were strictly ordered not to defer farm labor, except in the most extreme cases. I just wondered what comment you might have on that situation.

General HERSHEY. I think it is a little difficult to comment on what might be true in a locality. I think that probably in your State deferment is even less used, for one reason or another, except one that is quite apparent, than in perhaps some other States.

Another thing is that you, in your State, have a great many defense plants that have stripped quite a bit of your labor.

I do not know enough about the peanut crop business to make a guess, but I do know in our farm program we did very much as we have done in many other things, that is, we set up a pretty great

program and there probably will be a shortage of labor, just like there have been shortages in material.

I would be rather interested to know just how these boards were instructed on not deferring farmers. I would like to say this, that we tried to get cooperation between the war boards and the Department of Agriculture to sort of help the men who had boys and did not feel like going in to make any effort to get them deferred, because they felt there was a social problem in not asking for his own boys to be deferred, even though his own boys worked for him.

I do think in areas where the local boards are confronted with registrants that are all farmers, some feel, "Well, if I defer one I have to defer them all." That is one of the shortcomings of human nature.

Up in my part of the country, I know of some 40's that have two or three men on them and it would not make any difference if we took them all. Not in the last 25 years have they grown much more than they have eaten, and a great many times they have grown less.

On the other hand, I know a great many farms where a great many tons of hogs have been produced. In order to get anywhere with our selectivity, even though we are criticized, we will have to take the poor fellow off the 40 that is doing nothing and leave the fellow that has \$200 in the bank perhaps, even though he owes a good deal more than that, who has a larger place, or a better farm, something which is producing definitely more than he is consuming; we would leave him behind.

Another thing, of course, is the crop. I do not know where the peanuts stand, but we are going to have to decide what crops we are going to need the most and produce those, and we should not have to ignore certain crops that are too hard to do without.

I do not think that gets anywhere toward answering your specific question. It is too indefinite for me to do more than attempt to evade, or talk about the thing in general.

Mr. SPARKMAN. I have simply mentioned peanuts incidentally.

General HERSHEY. There have been a great many peanuts grown there. It is soybeans in my part of the country. We are into that like we have never been before. It was hard planting this spring but it's going to be very difficult to harvest them. We never harvested them before.

AUTHORITY OF LOCAL BOARDS

Mr. SPARKMAN. Is the matter of deferment of farm labor, for instance, very largely up to the local boards, or do they receive specific orders?

General HERSHEY. Of course, the local boards need not pay any attention to 99 percent of the things which we send out. It is a good thing they do not have to. We have tried to guide them, and we have set up agricultural people as some of the people that can be deferred. On the other hand, in the areas where they have nothing else, when they leave one boy then everybody else feels, "Why did you leave him?" They cannot lay it on Washington very well, and reply that Washington said, "You should take the fellow on the 40 but don't take the fellow on the 60 or 70." I know one State where they have set up the formula in which they put down certain factors,

and the answer they get decides pretty much whether the fellow is producing quite a bit more than he consumes.

Mr. SPARKMAN. Has any study been made of this farm problem?

General HERSHEY. I think I have now another occupational bulletin which the War Manpower Commission has evolved on farming. It is about ready to be published. I am not so optimistic as to believe that the publication of one or two or three more bulletins would help, because the human-being element enters into it, and unless you get a man to believe that this fellow should stay at home and should not go to war it will not help. I think the board member has got to be able to defend himself when you say: "Why did you take the fellow?" He says, "Washington said so." As long as they are doing as good a job as they are doing now, I do not care what they call me, or the State headquarters even, or perhaps Congress.

Mr. SPARKMAN. General, of course you are simply the procuring agency for the armed services; you do not set up the standards;

General HERSHEY. No.

RELAXATION OF ARMY STANDARDS

Mr. SPARKMAN. Is it true that recently the Army has relaxed to some extent its rules with reference to the taking of illiterates?

General HERSHEY. Yes; they have said they will take up to 10 percent of the illiterate in each induction in each State. Of course, they do not have that many in every place, but unfortunately in some places they are overstocked.

Mr. SPARKMAN. Do you think that will serve to absorb all of these that have been left out by reason of illiteracy?

General HERSHEY. It will not absorb all of them, but the Army—perhaps I am optimistic—is going to take more today; I do not know when, but they are.

Mr. SPARKMAN. I noticed, too, that the Army has relaxed on some possibly minor physical defects.

General HERSHEY. Quite materially. We did pretty well. Between August 1 and August 31, without changing standards we lowered the rejection rate in the United States 8 percent—the Army did. The Selective Service had some small part in bringing things to their attention.

Mr. SPARKMAN. Well, it has not yet, though, gotten around to taking persons that are suffering with venereal diseases, has it?

General HERSHEY. They have promised on the 1st day of October they will start to taking them. The percentage they are taking is not satisfactory, but I still have hopes that we are going to raise that. As the manpower gets short, those things just must happen. They make for bad public relations for Selective Service, the longer they are delayed. I have some appreciation of what the Army is up against, but the pressure that we have exerted in the last 5 or 6 months on the Army has been bringing results. I think they are trying very honestly to absorb them without destroying their efficiency.

Mr. SPARKMAN. Now, when you speak of the percentage that they will take, is it going to be something in line with the illiterates?

General HERSHEY. No; unfortunately it is not. Here is where, you see, in our negotiations, the Army was at a little disadvantage. They took the national rate in dealing with me, and unfortunately

that national rate does not help. When they come on a national rate, supplying it in one-third of the places, then we are only selling one-third as rapidly as we must if we are going to overcome our backlog. I am optimistic. I believe in another month or two we are going to force them to take in a very considerable number.

Mr. SPARKMAN. This probably belongs to the Army rather than to you, but is there any reason why these persons should not be taken and placed in detention camps and treated?

General HERSHEY. You are getting right into the heart of the argument. A person who has been away from the Army for 2 years has different opinions about what facilities they must have to take care of them than those who are responsible for running the Army at the present time. It is a great deal easier, I suppose, to pitch the game up in the bleachers than out in the field, and they are up there pitching. I still think they could take more than they are taking. That is what the discussion is about.

Mr. SPARKMAN. The Government is already paying for the treatment through the various health services.

General HERSHEY. Yes; sometimes we pay for two or three treatments, because we cannot get them back into the induction stations before November.

Mr. SPARKMAN. Some of the health officers told me they were rather alarmed at the increase in venereal cases and in the refusal of those people to take the treatments voluntarily because it does give them protection from the draft.

General HERSHEY. That is the reason why, when we get them so that we are taking them in reasonably large numbers, the rate is going to fall.

Mr. SPARKMAN. Just one other question. You mentioned about this quitting rate in the airplane factories in California being about 5 percent, I believe you said.

General HERSHEY. Between five and six.

Mr. SPARKMAN. It raised a little over 1 percent, I believe.

General HERSHEY. Of course, that was not in August. In August it was getting up to 3.8, I think, as the chairman has stated, as I remember it. The curve in August showed straight up. But the point I was trying to make was the selective-service band did not widen much more than 30 percent, even with that upshot, whereas we had a right to expect it to double over June.

Mr. SPARKMAN. I was just curious to know what accounts for the variance.

General HERSHEY. The difference between 1 and 5?

Mr. SPARKMAN. Yes.

General HERSHEY. That, I could not say. As a farmer, I feel that certainly they did not go back to the farm. There are only one or two or three other industries that would be more favorable places to work than where they are, therefore, whether they are stealing from each other or some are going on vacations or wherever they go, there is quite a little movement around with labor. That is one of the things that disturbed me and made me think; we have got to, as rapidly as possible, tighten down and see that every factory has got what they need and has no oversupply, and try to get these fellows to stay where they are.

The CHAIRMAN. There is a certain psychology: "Well, I have got to go anyway, and I might as well go now." I have received a few letters along that line.

General HERSHEY. Yes.

Dr. LAMB. I have just got one question. General, if you assume an Army of 10 to 13 million, you automatically assume a pretty large-size production job. In fact, that also is raising our sights considerably above where we have been before in production. When you match that with the rate at which you are now drawing them out, you run up against a situation in which you see it from the point of view of the individual drawn, and naturally your attitude is bound to be that these people are needed and demanded by the armed services. The armed services, themselves, however, are in the business of procuring war goods. They are going to run up against the fact that they are asking for men out of industry at the same time that they are asking for production out of industry.

General HERSHEY. That is right.

Dr. LAMB. Does not that suggest that the real need in this situation is a survey, particularly as you are saying that it is impossible to draw them out much slower than they are now being drawn out, and maybe we will step it up even more. Is it not that the real need is for a survey such as you have described as coming from that steel company so that a much more orderly system of priorities as to the release of men can be worked out and keyed into the production program in the future? Then the burden does not fall particularly heavily on the individual farmer or the plant to supply such information as that. Then the development of a much more adequate training and upgrading program in many plants would key into this plan. As you take these people out on what is, for many plants at present, a haphazard basis, you lack the training and leadership within the plant to leave men enough to run the plant, or at least men enough to train a new crop.

General HERSHEY. There is no question about that. I think you cannot expect the Army and Navy to freeze what they need, but even if you do not freeze it, you can take that as a basis for your present planning. I do not think there is any question about that, and I might even say we are probably overdue. I would not be adverse to admitting we are probably overdue on having set up what is our maximum of accomplishment, as we look at it now. Then I think we are going to have to give a great deal of thought to whether or not any experience of any country can be applied to us in determining how many workers you have got to have without, in order to maintain a man within.

The things I have said at any time are not based on the fact that I thought or did not think that men should or should not go to war. The only thing about it is if we commit ourselves to using certain numbers, then it is going to be catastrophic if we do not go through with it. Whether we commit ourselves is a problem that I do not even attempt to solve. I only tried to execute what seemed to be a survey, and I tried to get a final understanding on what they must expect, otherwise they are going to find a very serious problem 6 or 8 months from now when I surprise somebody who did not expect to participate in this war. I would rather have him think about it for

6 or 8 months, to become accustomed to that thought, rather than the contrary. If he does have to go then, I am not worried about what he thinks of me, but if he has to go without warning, then I do worry.

I agree with you wholly. You must set up these things, and you must get these relationships. You cannot mobilize every man in this country. I do not think the physical condition is the bottleneck. I do not think you can mobilize every physically fit man.

Dr. LAMB. I can see in your statements certain salutary effects not only upon the men but also upon the agencies which have got to rise to this particular occasion. It seems to me that really is the problem. The more you speed up, or the Army speeds up the goal, the more rapidly you are going to be hit between the eyes with this particular problem. The training and upgrading process is absolutely the only way you can lick it, and that requires a much better organization than I see on the horizon at the present time, planned or actual.

General HERSHEY. I agree with you wholly on the training. The Army now is probably 15 times what it was a little over 2 years ago, and the other fourteen-fifteenths had to be trained. Industry has had the same problem. I think they have been a little slow in getting to it. I think this thing here represents what for the last 2 or 3 months we have tried to get industry to do.

Dr. LAMB. That is one of the reasons why the committee suggested the last time the setting up of this equitable system. That means connecting up all along the line the people who ought to know their own business better and who ought to acquaint themselves more with it. An outsider entering their plant is going to see a great many things; he is going to be able to bring experiences from elsewhere to push this thing along.

The CHAIRMAN. General, I want to state to you, on behalf of the committee, we are very grateful to you. You have given us a very fair and valuable contribution for the record of the committee. You have been very fine about it. We deeply appreciate the courtesy. Thank you very much.

The committee will stand adjourned to 9:15 tomorrow morning, in this room.

(Whereupon, at the hour of 12:30 o'clock p. m., an adjournment was taken until 9:15 a. m., of the following day, Wednesday, September 16, 1942.)

NATIONAL DEFENSE MIGRATION

WEDNESDAY, SEPTEMBER 16, 1942

MORNING SESSION

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The committee met at 10:15 a. m., in room 1102, New House Office Building, Washington, D. C., Hon. John H. Tolan (chairman), presiding.

Present: Representatives John H. Tolan (chairman), of California; John J. Sparkman, of Alabama; George H. Bender, of Ohio; Carl T. Curtis, of Nebraska; and Laurence F. Arnold, of Illinois.

Also present: Dr. Robert K. Lamb, staff director.

The CHAIRMAN. The committee will please come to order, and Governor McNutt will be the first witness.

I would like to say, on behalf of the committee, Governor, we know what a busy man you are and that we appreciate you coming here this morning.

The gentleman from Illinois, Mr. Arnold, will interrogate you.

TESTIMONY OF PAUL V. McNUTT, CHAIRMAN, WAR MANPOWER COMMISSION, WASHINGTON, D. C.

The CHAIRMAN. Governor, will you please give the reporter the names of your assistants, for the record?

Mr. McNUTT. General Frank J. McSherry, Mr. William Haber, and Mr. Alvin J. Roseman.

Mr. ARNOLD. Any questions which I ask you that you feel that should be referred to your assistants, we will be glad to have them answer.

It is our understanding that, under the First War Powers Act, you, as Chairman of the War Manpower Commission, can direct either War Production Board or the Services of Supply to require war contractors to hire exclusively through the Employment Service. Is this correct?

Mr. McNUTT. I have not that authority. I can ask them to do it.

Mr. ARNOLD. But you cannot require it?

Mr. McNUTT. That is right.

Mr. ARNOLD. Similarly, you can by directive through the Services of Supply of the War Department require employers to set up adequate training programs. Is this within your power?

Mr. McNUTT. We can issue the directive, but I have some serious doubts as to any legislative authority to enforce it. We have had to operate by persuasion and by agreement up to the present time.

Mr. ARNOLD. Have you been pretty successful?

Mr. McNUTT. We have had success in some measure and in some spots.

The CHAIRMAN. How is it handled in England?

Mr. McNUTT. It is handled in England by a national service act which gives the authority to do these things.

Mr. ARNOLD. If it were possible to control the labor market demand, to control hiring and training through directives to the War Production Board and the Services of Supply, would it be necessary to obtain compulsory powers over the individual worker?

Mr. McNUTT. Yes; I do think so. I will answer that categorically, "Yes."

NATIONAL SERVICE ACT

Mr. ARNOLD. It has come to our attention that there are at present under consideration at least two different drafts of a National Service Act, one of which makes the Employment Service the key agency through which control will be exercised. The other makes the Selective Service the key operating agency through which labor-market controls will be operated. Which of these two approaches to this problem do you favor?

Mr. McNUTT. Your premise is wrong. Who gave you that information, if I may ask that?

Mr. ARNOLD. I do not know myself; I will have to be frank.

The CHAIRMAN. If the premise is wrong, we want it in the record, because the question does not amount to anything if the question is not right.

Mr. McNUTT. That is right. You make an assumption which is not based on facts. There has been no discussion of any details of a National Service Act. Little study has been given to it. I am interested from the standpoint of our efforts to do this job, as to who made such a statement.

Mr. BENDER. It has been made repeatedly on the floor of the House. Members have discussed the National Service Act and some of the departments have been talking about it, and because of the conflict on the part of various agencies, of the Government, there has been suggestion at times, and, in fact, quite recently, for such an act in order that there might be better coordination between the various heads of the departments so we will not go in so many different directions in handling this problem.

Mr. McNUTT. Mr. Chairman, in response to your letter, I have prepared a statement in which I have endeavored to answer the questions that you put to me there. Don't you think it would be better in the conduct of this hearing if you permit me to make the statement and then you ask your questions?

Mr. ARNOLD. How long is the statement?

Mr. McNUTT. It is a rather long statement.

Mr. ARNOLD. Do you want to read it?

Mr. McNUTT. I think it would be wise. I think I will cover most of the questions which the members of the committee have.

Mr. ARNOLD. Very well. Will you proceed and read that, and if there are any further questions we will ask them.

The CHAIRMAN. It is preferable to you that way?

Mr. McNUTT. I think it would be better and more orderly, Mr. Chairman.

The CHAIRMAN. All right.

STATEMENT BY PAUL V. McNUTT, CHAIRMAN, WAR MANPOWER COMMISSION, WASHINGTON, D. C.

Mr. McNUTT (reading):

I want to begin by impressing on you my sense of the magnitude and urgency of the manpower problem which confronts us. Between now and the end of next year we must add about 5,000,000 workers in our war industries and probably an equal number to the armed forces. In order to replace workers withdrawn by the armed forces and to make the necessary shifts from nonessential to essential work, we shall have to place about 18,000,000 workers in new jobs. About 11,000,000 workers must be trained, mainly for semiskilled production jobs, between now and the end of 1943. At this moment there are serious general labor shortages in 35 centers of war production, including Los Angeles, Seattle, Portland, Oreg., Baltimore, and Buffalo. Each of these shortages must be met. Labor shortages in copper mining and smelting have already cost several thousand tons in this valuable war material and shortages exist also in other nonferrous metal-mining industries and in logging.

Meanwhile, needless migration goes on and labor pirating remains unchecked. In some areas acute shortages of housing and transportation facilities are preventing an adequate flow of labor into critical war plants. In other areas artificial labor shortages exist because of discrimination against women workers and members of minority groups. Workers already employed in war plants are frequently utilized at much less than their full capacity. All of these problems must be met wherever they arise.

BACKGROUND OF THE MANPOWER PROBLEM

During the first 2 years of the war production program we were engaged mainly in taking up the slack in the labor force and shifting several million people already employed to new occupations. In June 1940 there were 48.1 million people in civilian employment and the armed forces. By June 1942 this figure had grown to 57,000,000. Where did these 9,000,000 people come from? They came mainly from a reduction of almost 6,000,000 in the number of people unemployed. In addition, the labor force increased by 3,000,000, about half of which was normal growth and the other half an unusually large increase in the labor force during the spring and early summer of 1942.

During this period manpower was not an important limiting factor on production. Production and procurement plans could be made on the assumption that labor shortages would be made up by migration, and that the flow of manpower would follow the flow of contracts and materials. Acute shortages of a few scarce skills have been met fairly satisfactorily by breaking down jobs and upgrading workers. Potential shortages of semiskilled workers in some areas have been averted by large-scale migration. Most of this migration has been from areas close to the centers of war industry. More than half of the migrants into the Philadelphia area, for example, came from other parts of Pennsylvania. The average distance travelled was only 80 miles. Two-thirds of the migrants into Seattle came from Washington, Oregon, Idaho, and western Montana.

It cannot be emphasized too strongly that this period of easy expansion in employment is about ended. The sources of migration are beginning to dry up. The manpower situation during the next year and a half will be much tighter and will require advance planning and a positive administrative program to meet manpower needs.

MANPOWER REQUIREMENTS AND RESOURCES

The latest estimate of the Bureau of Labor Statistics and the Bureau of Employment Security indicates that 62.5 million people will be required for industry and the armed forces by December 1943. It should be pointed out that this figure rests on a large number of practical judgments about military and production requirements and about our probable success in organizing the labor market and reducing the amount of unemployment. Specifically, this figure assumes that:

1. The armed forces will reach the level projected by the planning divisions of the Army and Navy for December 1943. If present goals are raised, total labor requirements must be raised accordingly.

2. Expenditures for war materials and war construction will be at an annual rate of eighty to eighty-five billion dollars by December 1943.

3. Plants in war industries will be used to the limit of practical capacity. This assumes that raw material bottlenecks will be broken and production schedules maintained.

4. Virtually all of the metal-working industry will have been converted to war production. Many consumer goods industries will be cut back to the limit set by raw material supplies.

5. Unemployment will be reduced to 1,000,000, which could result only from a very high degree of success in organizing the labor market. The millions of placements required in war industry during the next year and a half would have to be made with very little lost motion and the amount of seasonal and casual unemployment would have to be greatly reduced.

6. The volume of employment in agriculture will decline by less than 5 percent. It is assumed that there will be a considerable outflow of male workers to industry and the armed forces, but that most of this will be made up by natural increase and by increased utilization of women and young workers in farm production.

7. Output per worker in the war industries will be 18 percent higher in December 1943 than in December 1941. This is expected to result partly from increased efficiency and partly from lengthening of working hours.

Some of these assumptions—and they are assumptions—probably make for an overestimate of labor requirements, while others make for an underestimate. On balance, the figure of 62.5 million is probably as good a judgment of the future as can be obtained at this time. It depends, however, entirely on the view taken of the military situation and of production necessities. This may change very rapidly. If it proves necessary to expand the armed forces beyond present goals, to increase the production of raw materials beyond present goals, and to construct additional fabricating capacity, labor requirements may be sharply increased. It is not safe to count heavily on labor requirements geared to our present industrial capacity when it may become necessary through force of circumstance to stretch our capacity farther than now seems possible. In manpower planning, even more than in production planning, it is the part of caution to set the sights high. We should face the possibility that we may need a labor force of 65,000,000 or more by the end of 1943.

The labor force available in December 1943 would, on the basis of natural increase alone, amount to about 57.5 million. If requirements of 62.5 million are to be met, about 5,000,000 people will have to enter or remain in the labor force who would not normally do so. If requirements turn out to be larger than this, the number of workers to be added is still larger. These additional workers will come from women not now employed, from young people still in school, from older workers who can delay their retirement or come back to work from retirement, and possibly from certain groups in the agricultural population.

There are about 4.5 million nonfarm housewives under 45 with no children under 16. There are 9.1 nonfarm housewives under 45 with children under 16. Availability of these women for employment will depend on provision of adequate day care for their children. There are, finally, 9.5 million nonfarm housewives 45 and over. The actual reserve of woman power is smaller than it looks, because many of these women live in nonindustrial areas where there are few employment opportunities and cannot be expected to leave their homes to take employment. Even where jobs are available near their homes, the willingness of women to take them will depend on the extent to which they are convinced that they are really needed, the attractiveness of the jobs, and the efficiency of the recruitment and placement efforts.

There are almost 7,000,000 students aged 14 to 17 inclusive. Accelerating the entrance of these students into the labor force by 6 months, that is, reducing the average school-leaving age by 6 months, would add a million to the working force between now and December 1943. Another half million workers could be added by increasing the average retirement age by 6 months.

An additional industrial labor reserve of unknown size exists in agriculture. It has been estimated that as many as 2,000,000 farm operators could be withdrawn from marginal and subsistence farms, with a drop of only 3 percent in the production of commercial farm crops. Even if one considers this figure too high, there is certainly considerable slack here which could be taken up if we were seriously pressed for labor supplies.

It is misleading to make a simple addition of the numbers in these various groups and to label the result "the labor reserve." Such a total merely states that there are so many million people in the population with characteristics which do not bar them from gainful employment. But the important question is how many of these people can actually be brought into employment. The answer

to this question depends on the kinds of inducements offered and the efficiency of the recruitment and placement efforts.

Many additional workers would probably enter the labor market by the end of 1943 even if we did nothing at all. To obtain a net addition of 5,000,000 people, however, will require a carefully planned recruitment, training, and placement program. If sufficiently intensive efforts were made, the labor force could probably be increased to at least 65,000,000. This would give us the same percentage of the population, 14 years and over, as is now gainfully employed or in the armed services in Great Britain.

It is dangerously misleading, however, to look at national totals alone. We do not have a national labor market, but a network of local labor markets. It is quite possible to have acute shortages in some markets while adequate supplies are available in others. This is in fact the situation in which we now find ourselves. Shortages of labor in some occupations and localities are so severe that they are testing our ingenuity to the utmost. They can be met only by the promptest and most vigorous efforts. We are not faced with planning now for a national labor shortage which may possibly come into existence a year from now. We are required to plan and act immediately to meet specific labor bottlenecks which already exist.

The heart of the problem is that our labor reserves are widely dispersed, while the demand for labor in war industry is highly concentrated. The difficulty can be met only partially by greater spreading of war contracts, because the production facilities themselves are highly concentrated.

In July 1942, 35 of the local labor markets surveyed regularly by the Bureau of Employment Security already faced general labor shortages, 81 expected shortages to develop, and only 44 expected a continued surplus of labor. Almost all of these areas expect to reach peak employment before July 1943, and action which is not taken in the next few months might as well not be taken at all. The number of people needed to reach peak employment is very large for the major war production centers. It is estimated that the Philadelphia metropolitan area needs about 120,000 workers, the Detroit area, 200,000; the Seattle-Tacoma-Bremerton area, 48,000; the Portland-Vancouver area, 90,000; the Baltimore area, 55,000; and the Buffalo area, over 90,000.

While conditions differ in detail from one area to the next, certain common elements are found in almost all the shortage areas. There has been little effort to see that workers already employed are efficiently utilized. Some plants are seriously overmanned and hoarding skilled workers, while nearby plants are in urgent need of labor. In spite of persistent efforts by the War Manpower Commission, there is still widespread discrimination against Negroes and minority groups. Failure to use local labor reserves has necessitated heavy in-migration, which in turn has caused acute housing and transportation difficulties. The prospect of many thousand more in-migrants during the next year creates an urgent need for additional housing construction. Labor turn-over is high and rising in most areas, due partly to unsatisfactory living conditions.

Employers in most areas seem to be taking it for granted that in-migration will continue in sufficient volume to meet hiring requirements. This rests on the illusion that what has been true during the past 2 years will continue to be true in the future. The large centers of war industry in the Pacific coast, Atlantic coast, and North Central States have already exploited nearby sources of labor rather thoroughly. Each city must now reach farther and farther afield until all are trying to tap the same reserves. These reserves are located mainly in the Southern and Mississippi Valley States, and must be moved over relatively great distances.

It is fairly safe to predict that cities in the Pacific coast and Northeastern States will find the flow of migrants beginning to fall off before the end of 1942. There is a danger that labor pirating, which has thus far been confined largely to skilled workers, will then be extended to semiskilled and unskilled labor. Labor of all types will shift more and more rapidly from plant to plant. Labor turn-over will be further accelerated by housing and transportation shortages. Employers will eventually be forced to make greater use of local labor, but this may not be done until several months after it should have been done. In the meantime there may be serious retardation of production in many plants.

ORGANIZATION OF WAR MANPOWER COMMISSION

Faced with this possibility of a manpower crisis, the President on April 18, 1942, created the War Manpower Commission. The Executive Order No. 9139 creating the Commission directs the chairman, among other things, to "formulate

plans and programs and establish basic national policies to assure the most effective mobilization and maximum utilization of the Nation's manpower in the prosecution of the war; and issue such policy and operating directives as may be necessary thereto * * * direct the several departments and agencies of the Government as to the proper allocation of available manpower * * * establish policies and prescribe regulations governing all Federal programs relating to the recruitment, vocational training, and placement of workers * * * formulate legislative programs, designed to facilitate the most effective mobilization and utilization of the manpower of the country."

As chairman, I consult with the other members of the Commission representing the principal agencies concerned with manpower problems, on the plans and procedures necessary to achieve these ends. A management-labor policy committee which includes seven representatives of management and seven of labor, considers and advises the chairman on matters of major policy.

The Commission performs a number of functions formerly performed by agencies which were transferred to the Commission at the time of its creation. Among these are the labor supply and training functions of the Labor Division of the War Production Board, the National Roster of Scientific and Specialized Personnel, the Procurement and Assignment Service of the Office of Defense Health and Welfare Service, the Apprenticeship Section of the Division of Labor Standards of the Department of Labor, and the President's Committee on Fair Employment Practices.

Certain other agencies of the Government—the Selective Service System, the Federal Security Agency, the Work Projects Administration, the Civil Service Commission, the Railroad Retirement Board, the Bureau of Labor Statistics, the Labor Production Division of the War Production Board, the Civilian Conservation Corps—that is, what is left of it, the Department of Agriculture, and the Office of Defense Transportation—were directed by Executive Order No. 9139 to "conform to such policies, directives, regulations, and standards as the chairman may prescribe in the execution of the power vested in him." Operating relations with these agencies are maintained through divisions of the Commission functioning under the Director of Operations. I am filing for the record a copy of the organization chart indicating the present structure of the Commission.¹

I might add that directives have already been issued to most of the agencies mentioned above covering a considerable range of subjects falling within the Commission's authority.²

Twelve regional offices, each headed by a regional manpower director, are being established in Boston, New York, Philadelphia, Washington, Cleveland, Chicago, Atlanta, Minneapolis, Kansas City, Mo., Dallas, Denver, and San Francisco. The structure of each regional office will resemble on a smaller scale the organizational pattern of the headquarters office of the Director of Operations. A joint management-labor advisory committee will be appointed in each region.

It is intended also to establish several area offices in each region. Many of these are already in operation. The number, and geographical coverage of the area offices, will be flexible and will depend largely on the manpower problems to be solved. The area manpower director will be responsible for coordinating the activities of the various Government agencies concerned with manpower problems in much the same way that these activities are coordinated by the War Manpower Commission itself on a national scale. Within the limits of established Commission policy, he will be responsible for developing a coordinated manpower program for the area.

ACTIVITIES OF WAR MANPOWER COMMISSION

I am sure, however, that you are not so much interested in the structure of the Commission as in what we have been doing. It is, of course, impossible to say very much about this in a few minutes, but I shall try to cover a few of the more important points. The central agency for recruiting and placing labor is the United States Employment Service. A variety of special recruitment methods, including a Nation-wide clearance system, has been in effect for almost 2 years for the skilled occupations in which shortages are most acute. In localities such as Seattle and Detroit, where labor shortages are serious and housing facilities are inadequate to permit heavy in-migration, special efforts are now under way to recruit women not normally in the working force. Efforts are also being made to

¹ See chart facing p. 13138.

² These directives are set out in full in Exhibit 2, p. 13231.

facilitate the entrance of women into the labor market by developing an intensive program for the day care of young children. I have directed the Office of Defense Health and Welfare Services to coordinate the activities of the various agencies participating in the program.

The placement activities of the United States Employment Service are being concentrated more and more directly on jobs related to the war program. Certain types of work not directly related to war production, such as the placement of domestic servants, have been discontinued in many areas. The occupational questionnaires submitted to all Selective Service registrants are being analyzed by the Employment Service as rapidly as its staff permits. Workers with scarce skills not already engaged in war production are being called to the local employment office for interviews. This effort to persuade skilled workers to transfer voluntarily to more important positions has thus far been successful in only about 10 percent of the cases. The main reason for unwillingness to transfer has been loss of seniority and other accumulated rights in the worker's present job. It is apparent that this objection must be met if transference of labor is to be carried out on a large scale.

I should like to point out that the work of the United States Employment Service is being carried on under very severe handicaps. The lack of clearly defined authority of the national officers over State Employment Service directors is a major problem. It arises mainly from the provision in the Department of Labor-Federal Security Agency Appropriations Act for 1943, which requires that the Employment Service shall be returned to State direction and control at the conclusion of the war, and this results in a considerable confusion of authority and objectives. State Employment Service directors in collaborating with national policy often do not free themselves from emphasis on distinctly local and State interests. This is war. We can have only one strategy and one authority in dealing with these problems. The same appropriations act requires the maintenance of salaries at State compensation scales, which are in most cases below the salaries for corresponding positions in the Federal service. Relatively low salary scales and lack of adequate funds to hire additional staff in the face of a steadily rising volume of work, has resulted in serious demoralization of the Employment Service staff and heavy resignations of key personnel. Until the Employment Service is freed of these restrictions and provided with adequate funds, we shall be seriously hampered in the recruitment, transference, and placement work which is the core of our labor-market activity.

Increasing emphasis is being placed on the extension and development of training programs. Since June 1940 more than 3,800,000 workers have attended training courses for war production workers and the pace is still increasing. Training is being made increasingly available to women, Negroes, and national minority groups. The training activities of the National Youth Administration are now directed entirely to preparation for employment in war industries.

I regret that there is not sufficient time to describe the excellent work being done by other divisions of the Commission. For example, the work of the Housing and Transportation Service in accelerating provision of adequate housing and community facilities in war industry areas, the work of the Negro and minority groups services in breaking down discriminatory hiring practices, and the work of the Professional and Technical Personnel Division in mobilizing the facilities of our colleges and universities for effective participation in the war effort.

The first area manpower organization, in Baltimore, has been in operation for more than 2 months. Steps have already been taken to recruit, train, and place, large numbers of women workers, to utilize more effectively the labor force now employed in essential industries by reducing turn-over and absenteeism, to transfer skilled workers from nonessential to essential industries, through the voluntary cooperation of management and labor groups, to secure the orderly in-migration of such workers as can be accommodated in available housing facilities. These steps are being given widespread publicity in the local press and are being carried out in close cooperation with labor and management organizations and with all related Government agencies.

In recent months employees have been leaving the nonferrous metal and logging industries more rapidly than replacements could be recruited. Several Federal agencies are cooperating to make employment in these industries more attractive through wage adjustments, new housing facilities, and the provision of transportation facilities. Since these efforts cannot all be immediately completed, I have deemed it necessary to take steps to prevent the transfer of production and maintenance workers from these industries to other employment. This step has been

taken in accordance with the pattern approved by the National Management-Labor Policy Committee of the War Manpower Commission and after consultation with managers and labor leaders in these industries regarding the details of the order. In accordance with this order, the Army, Navy, Maritime Commission, and the Procurement Division of the Treasury, have instructed their own establishments and their contractors to refuse employment to any persons who leave the nonferrous metals or logging industries since the issuance of the order, unless the worker has obtained from the United States Employment Service a certificate of separation. Such a certificate will be issued if the separation is in the best interest of the war effort or if the refusal to grant it would result in hardship and injustice to the individual.

I hope that I have conveyed to you a sense of the great variety and difficulty of the problems which we face from day to day—and the problems are only beginning. As the need for labor increases, labor already employed must be used more and more efficiently. The men who are drafted or who enlist in the armed forces must be replaced, the replacements must be trained, necessary immigrants to war production areas must be housed, local manpower programs must be coordinated with the activities of the Selective Service System, the War Production Board and other war agencies.

I know that some of our problems are of special interest to members of this committee and I would like to speak in some detail about three of them: The problem of coordinating manpower planning and production planning, the problem of securing efficient utilization of labor, and the possible need for some type of national service legislation.

MANPOWER PLANNING AND PRODUCTION PLANNING

The War Production Board and the War Manpower Commission are working together toward the common objective of maximum war production. The success of each agency depends on the efficiency of the other. Failure by the War Manpower Commission to recruit, train, and place labor at the points of greatest need will slow up the production program. Faulty scheduling of production and an irregular flow of raw materials will waste labor time, require more men to produce a given output, and thus make the job of the War Manpower Commission harder.

Increasingly close relations are being established between the agencies charged with manpower and production planning. The chairman of the War Production Board and the head of the Board's Labor Production Division are members of the War Manpower Commission and participate in all policy discussions. The Director of Operations of the War Manpower Commission maintains close working relations with the War Production Board Industry Branches through a staff of industrial requirements consultants. The program now under discussion for concentrating production of a considerable number of nonmilitary products in fewer establishments is being worked out jointly by the two agencies and manpower considerations are being weighed along with considerations of raw materials and plant capacity. The Housing and Transportation Service of the War Manpower Commission works closely with the branches of the War Production Board concerned with priorities for construction materials. The War Manpower Commission is represented on the Plant Site Board, the Purchase Policy Committee, and the Manpower Priorities Committee of the War Production Board.

In addition to these operating relations, a joint committee has been established, composed of two representatives of the War Manpower Commission Planning Service and two representatives of the War Production Board Planning Committee, to give continuous consideration to the need for integrating manpower and production policies and to make recommendations for dealing with specific problems involving both agencies.

This cooperative relationship must of course be extended downward to regional and local levels if it is to be fully effective. It must exist within each community and within each plant.

While manpower requirements stem from the requirements of the production program, the relation is not so simple and direct as in the case of raw materials. A given production schedule does not indicate the exact number of workers required because labor productivity varies greatly from plant to plant and may change rapidly over the course of time. Even more important, a given production schedule does not determine the kinds of labor needed—the proportions of skilled, semiskilled, and unskilled workers, of male and female workers. All

sorts of different combinations may be used to achieve the same result. This is true to some extent of raw materials, but in much less degree.

Another difference is that the raw material problem is mainly a problem of allocation. The labor supply problem is essentially a problem of utilization. There is no evidence that our labor reserves are inadequate to meet the needs of essential industries and the armed forces. The problem is not that too few people are available, but that too few people with the right training are available. In skilled metal-working occupations there are scarcely any workers available and, therefore, nothing to be allocated. The main problem is to break down skilled jobs into semiskilled jobs, to train large numbers of inexperienced workers rapidly to fill these semiskilled jobs, and to meet the minimum requirements for skilled labor by training and promotion within the plant. If these things are done effectively the need for allocation of labor will be greatly reduced.

SECURING EFFICIENT UTILIZATION OF LABOR

It is one of the major responsibilities of the War Manpower Commission to insure that employers make the best possible use of the labor available to them. This is a problem which must be met and solved plant by plant. Some way must be found to determine what each plant actually needs and to see that it gets no more and no less labor than it can use to the best advantage. There is a natural tendency for each employer to try to skim off the cream of the labor force. This may have been all right 2 years ago when there was plenty of cream available. It is not all right now when the market is tight, when millions of untrained people must be brought into use and when skilled men must be conserved for the jobs which only they can do. Employers must be required to pare down their labor demands, to prepare for increasingly heavy Selective Service withdrawals by substituting women and men beyond the military age, and to abandon any discrimination which may have existed against Negroes and other minority groups.

Determination of actual labor requirements is essential not only for efficient distribution of manpower but also for effective operation of the Selective Service System. As the pool of available manpower shrinks, and as the demand of the armed services for men of military age increases, the Selective Service System needs clearer guidance as to which men are really indispensable in industry and which are not. Employers even in the most essential industries can no longer count on retaining men of military age for production work. They will be able to secure deferment for men only in skilled jobs requiring lengthy training, only if the men are actually working at these jobs and only if there is no other way of getting the jobs done. It is obvious that decisions are required which cannot be left entirely to the employer's discretion and which require the judgment of experts skilled in occupational analysis and labor utilization.

Some progress has already been made by the United States Employment Services through the development of "manning tables" indicating the average occupational distribution of workers in shipyards, ordnance plants, and airplane plants. These tables enable one to see whether a particular plant is far out of line in its demands for skilled labor. This sort of work, however, needs to be expanded and carried along on a continuous basis rather than by means of sporadic surveys. There is a clear need for a system of labor utilization inspectors to maintain continuous contact with plants in essential industries, to analyze the need for labor and the utilization of labor in each plant, to advise the Employment Service on actual labor requirements, to advise the employer on methods of breaking down production processes and substituting semiskilled for skilled workers, to stimulate training programs and increased use of women workers on the jobs which they are capable of performing.

A system of labor supply inspectors has been in effect in Great Britain since the summer of 1940. In June 1942 there were 687 inspectors reporting to 44 district manpower boards, which correspond roughly to our area manpower directors. The British inspectors have been recruited mainly from production engineers and from experienced trade union officials. Their main duties are to see that employers make effective use of the services of skilled workers, to secure increased use of semiskilled and unskilled workers, including women and trainees, and to advise on the release of men for the services or for employment on other work of greater importance. The inspectors work in very close cooperation with the local employment exchanges. Decisions by the local employment exchange on providing additional labor for a plant depend largely on the inspector's report as to how efficiently the employer is using the labor he already has and whether a genuine need for additional workers exists. There is also frequent consultation with production officials. Where investigation reveals evidence of labor hoarding or a poorly

organized labor force, production officers have cooperated with labor supply inspectors by providing information on the production program and on the contracts which a particular firm might expect.

It is not intended to suggest that the British pattern should necessarily be followed here or, indeed, to discuss at all the administrative organization necessary to secure efficient labor utilization in this country. Since men with the necessary qualifications are hard to find, and take considerable time to train, action on the subject needs to be and will be expedited. There are administrative problems of how to tie in such an inspection staff with the regional and area manpower structure and with the Employment Service. A clear division of function must also be worked out between the labor utilization inspectors, the inspectors who are being appointed by the War Production Board, and the field liaison officers of the Army and Navy, in order to avoid duplication of effort and to secure maximum cooperation from employers. These problems are under consideration at the present time.

NATIONAL SERVICE LEGISLATION

I have frequently been asked, as you asked this morning, whether I consider that additional legislative authority is necessary for an effective manpower program. As you know, we have been trying thus far to do the job by voluntary measures such as the local anti-pirating agreements, the provisions for voluntary transfer of workers to essential industries through the Employment Service, and special voluntary agreements such as the one just concluded for logging and non-ferrous metal mining. There is good reason to doubt, however, whether such measures will long be adequate.

We know that within the next 6 months the problem of supplying men to the armed forces and workers to industry will grow much more difficult. Induction schedules have been raised, the unemployed group is dwindling rapidly, shortages of labor in particular localities and industries are becoming more acute, and turnover and absenteeism are rising. In the face of these problems, the continued success of voluntary efforts cannot be assured, and we are moving rapidly into a situation where the Government must intervene increasingly in the labor market.

We have before us the experience of other countries. Great Britain was forced to adopt sweeping labor-market controls as early as 1940. Broad control measures were announced in Canada last month and have been adopted also in Australia and New Zealand. The manpower problems which we face are not essentially different from those of our Allies, and it is unlikely that we shall be able to avoid the controls which they have found necessary.

The War Manpower Commission would be derelict in its duty if it did not study carefully the need for national service legislation, and if it did not have plans prepared well in advance of actual need. The Commission has not yet considered a specific bill, nor has it sent any bill or recommendation to the President. The problem has, however, been under study for some time by a subcommittee of the Commission and also by a subcommittee of the Management-Labor Policy Committee. Before any recommendations are made the matter will have been discussed from every angle, and representatives of labor and management will have been fully consulted.

The term "national service" often raises in peoples' minds the specter of a dictatorial government, moving people about with no regard to their convenience, and forcing them into jobs which may be contrary to their training and interests. I should like to point out that this notion is entirely false and contrary to all experience in Great Britain and other democratic countries. The object of a universal service system is to answer the question which every patriotic person is now asking himself: Where do I best fit into the total national effort? The individual receives conflicting advice from different sources, he does not know the total manpower picture, he is confused as to the best use of his talents. He needs counsel rather than compulsion, and this in general is what he would receive under a system of national service.

In British experience, the great value of having compulsory powers has been shown to arise from their mere existence. The fact that the powers are in the background materially assists the work of voluntary transfer and resort has to be had to the exercise of powers in only a limited number of cases. Up to date only a handful of people have been prosecuted for failing to obey directions to go to new employment or stay in their present employment. It is also important to remember that under the British system any worker or employer injuriously affected by an administrative decision may present his case to an appeal board

on which management and labor are represented. It is obvious that similar safeguards should be contained in any legislation which we may decide to adopt.

Compulsory powers, in short, must be held in reserve rather than kept in constant use. If they have to be used constantly the whole system becomes unworkable. In a democratic country people must be mobilized by invoking their free will in a cooperative enterprise. This fact is not changed in the least by passage of a National Service Act.

To sum up: It is not yet certain how soon the Commission will recommend legislation to the President, or what form the recommendation will take. It is my considered judgment, however, based on the best available knowledge of the manpower situation, that some type of national service legislation is inevitable. You may take it for granted that any legislation which may be recommended will have been considered very carefully and will contain appropriate safeguards for the interests of all parties concerned.

TESTIMONY OF PAUL V. McNUTT—Resumed

Mr. ARNOLD. Thank you very much, Governor. That is a very very thorough statement.

Mr. McNUTT. It has been too long.

The CHAIRMAN. You have covered a lot of ground, Governor, the Manpower Commission.

Mr. ARNOLD. It will be made a part of the record. I know, from my experience, in a month out in my area of Illinois, that thousands of people are wondering where they will best fit in, in this picture.

Mr. McNUTT. That is right.

Mr. ARNOLD. And they come to us for advice as to where they can best fit in.

The questions that were prepared here were not predicated on such a smooth-working organization as you seem to detail in your paper. I think perhaps you would want to answer some of these questions, to clarify the atmosphere as to rumored conflicts of authority and perhaps jealousies over authority.

Mr. McNUTT. The Nation is at war, gentlemen of the committee, and it is no time for conflicts over authority or any disputes about jurisdiction.

Mr. ARNOLD. Some people seem to think that the authorities of Washington are fighting among themselves instead of fighting Hitler. I do not know whether that is true or not, but some of these questions might bring that out.

Mr. McNUTT. All right.

The CHAIRMAN. The answer is, though, in a great measure, that after all we are a great big democracy and it takes democracy some little time to get under way. There is bound to be certain complications.

Mr. McNUTT. That is inevitable in a democracy.

AGREEMENT IN COPPER AND LUMBER INDUSTRIES

Mr. ARNOLD. You spoke of the order in nonferrous metals and lumber. Did the War Manpower Commission have distinct authority in that?

Mr. McNUTT. Actually, that was the result of an agreement which was reached after much travail but the agreement was there. That was the basic fact. We had the agreement of the employers and of the employees in both of those industries. Happily, that could be brought about because there were recognized representatives of both.

But there are many industries not so organized. Then, we used every power that we had to implement that agreement.

Mr. ARNOLD. Wouldn't you say that could fairly be described as a voluntary national service act?

Mr. McNUTT. That is right.

Mr. ARNOLD. Then, it would be fair to say that your experience in arriving at an agreement on what was to be done about copper and lumber has established a kind of model for other industries?

Mr. McNUTT. I hope that it will, but, as I pointed out, other industries may not be so well organized on both sides of the line. If they are, then of course, you can bring about an agreement. You can gather men about a table and bring about a meeting of minds, but in many occupations that is not possible. It would not be possible in agriculture, for example.

Mr. ARNOLD. I do not know whether anything is possible in agriculture.

Mr. McNUTT. I decline to comment further upon that one.

NO REAL CONFLICT BETWEEN WAR PRODUCTION BOARD AND WAR MANPOWER COMMISSION

Mr. ARNOLD. It has come to our attention that there has been some difference of opinion over directive No. 2 issued by the War Manpower Commission which requires the War Production Board to present the Manpower Commission with a preference list of war plants. As we understand it, the War Production Board has already set up a manpower priorities branch and this branch plans to establish regional offices and to employ labor utilization inspectors. Do you consider that the War Production Board, under directive No. 2, should instruct the War Manpower Commission as to the need for labor supply by location, amount of labor needed, and quality of labor needed?

Mr. McNUTT. Any conflict of opinion there is more apparent than real. Mr. Nelson and I, by exchange of letters, have, I think, satisfactorily, adjusted anything that might even appear to be a conflict. I am to meet him as soon as I leave this committee here, to go over the details.

There is not any real conflict between us. Mr. Nelson is a member of the Commission, and I might say to you that I think, in the entire existence of the Commission, there has only been a divided vote twice. All other actions have been unanimous.

The CHAIRMAN. Governor McNutt, you straighten out everything with him today, because he will be here tomorrow and then we can report progress.

Mr. McNUTT. I think he will say precisely what I have said to you, that there is not any real conflict.

Mr. ARNOLD. He has authority over materials?

Mr. McNUTT. That is right. We have authority over manpower, whatever authority exists. We must work together.

Mr. ARNOLD. You must work together or there will be divided authority over production planning?

Mr. McNUTT. And that goes for the whole war effort.

That is, I feel that it is not any time to be fighting about who is to have control. The Commander in Chief determines that. Let every man do his job and work together the solution of the problems.

Mr. ARNOLD. How is it possible to properly schedule manpower unless we have advance information on the manpower requirements of industry and the Army?

Mr. McNUTT. It is not possible.

ALLOCATION OF MANPOWER

Mr. ARNOLD. Who decides at the present time what manpower should go to the Army and what manpower should go to industry? We tried to get that yesterday from General Hershey, and he did not answer.

Mr. McNUTT. I wish I could, and I know he could not. That is, he gets his requirements from the military authorities. He has to get his men. At the same time, he gets from us the requirements on the other side, that is, for the production lines. We have authority over the occupational deferments. That is, we can give the directives to him as to that.

The CHAIRMAN. Governor McNutt, General Hershey was very much concerned about the different conditions prevailing in England and this country. For instance, they had to recall, as you know—

Mr. McNUTT. Forty thousand miners from the armed services after they had been trained and equipped.

The CHAIRMAN. Yes. He was making the point anyway, about recalling them to England from France, which was an entirely different proposition from calling them from Egypt and Australia.

Mr. McNUTT. Precisely so. Let's not make the mistake so that it has to be corrected.

The CHAIRMAN. That is right.

Mr. McNUTT. And a proper allocation would avoid anything of that kind. Of course, ere long, we will be in the position of "Solomon dividing the child."

The CHAIRMAN. How are you going to do it? Are you going to do it under deferment?

Mr. McNUTT. I will get back to the point. I think a National Service Act is inevitable with the authority some place to make this allocation of manpower.

The CHAIRMAN. In other words, in the month of August, in 5 airplane factories in southern California, they lost 3,395 men.

Mr. McNUTT. That is right.

The CHAIRMAN. Now, a certain number of those men were necessary to instruct new men.

INDUSTRIAL PRODUCTION HAMPERED BY ENLISTMENTS

Mr. McNUTT. There is no question about that. They lost some very good men. You are talking about the group they lost by enlistment, not by induction. Only yesterday, I sat with the officials of the Sperry Corporation, and I think you know how essential their work is to this war effort. They showed me item by item, classification by classification, what they were losing by enlistment, mind you, and there is nothing in the world that can be done about it. We have gone as far as we can. We have persuaded the Army and Navy in their recruiting programs, before taking any man in 2-A, 2-B, or 3-B, to get the clearance from the local selective-service board:

but I also think that you realize the pressures that are now on those local boards.

There was a State director in the office yesterday afternoon talking about the manager of a plant which is entirely given over to war production. Pressures in that small community are to take that man. They say: "If my son went, he goes"; but it is a case where, if that man is taken, I would not say that the plant will shut down but certainly its efficiency will be impaired in the war effort, and the war effort to that extent will be impaired.

The CHAIRMAN. Of course, Governor, there is no question of what is sweeping over this country. The psychology is "Well, I have got to go in sometime, so why not go in now?"

Mr. McNUTT. That is right, and don't forget we have 150 years of thinking in this country that in time of war the only place to serve is in the armed forces, but this is the first total war and it is not a matter of sentiment; it is not a matter of desire, but this time every person has to serve where he will contribute most to victory.

Mr. ARNOLD. In the committee's fifth interim report, there was stressed the need for integrating manpower and production planning. In the concentration of civilian industries, the need for such integration seems peculiarly evident, since, if possible, the remaining civilian production should be concentrated in loose labor-market areas.

Mr. McNUTT. That is right.

COMMITTEE ON CONCENTRATION OF CIVILIAN INDUSTRIES

Mr. ARNOLD. What part has the War Manpower Commission played in the concentration of civilian industries?

Mr. McNUTT. We are represented on the War Production Board committee for that purpose, on their Concentration Committee.

Mr. ARNOLD. And that has been planned?

Mr. McNUTT. They are at work now.

Mr. ARNOLD. It has come to our attention that Mr. Nelson, in establishing a permanent committee on the concentration of civilian industries, failed to place a representative of the War Manpower Commission on this committee although the committee includes representatives from the Office of Price Administration, the Services of Supply of the War Department, and several other agencies outside of the War Production Board. How do you explain this omission?

Mr. McNUTT. May I say in defense of Mr. Nelson, that whenever a suggestion has been made that he utilize some of our staff in the solution of any problems, he has always taken that suggestion most cheerfully. There are no differences between the chairman of the War Production Board and the chairman of the War Manpower Commission, and I say that publicly.

Mr. ARNOLD. The committee would like to ask your full views on how labor utilization within the plants can be improved. In the Fifth Interim Report the committee recommended the creation of labor utilization inspectors to survey individual plants, with authority to make changes in the utilization of workers within war industry.

Mr. McNUTT. I went into that at some length in my statement.

LABOR UTILIZATION INSPECTOR TEAMS

Mr. ARNOLD. Do you think you have covered that?

Mr. McNUTT. I think I have covered that; yes. It must be done. In other words, we cannot afford at this time to allow any plant to hoard skilled labor. We cannot afford anything but utilization to the highest degree of what they have.

The CHAIRMAN. You cannot rely entirely on the plants. One might go 100 percent with you but another might not.

Mr. McNUTT. Precisely; they differ as persons differ.

Mr. CURTIS. May I ask a question?

Mr. McNUTT. Yes.

Mr. CURTIS. What would be the qualifications of these inspectors? Where would you get them? Would you draw skilled labor from the plants and make them inspectors?

Mr. McNUTT. I would like to ask General McSherry to answer the question, because that will be his job in the event it is done.

The CHAIRMAN. That is a tough job.

TESTIMONY OF BRIG. GEN. FRANK J. McSHERRY, DIRECTOR OF OPERATIONS, WAR MANPOWER COMMISSION, WASHINGTON, D. C.

General McSHERRY. The inspector should have the qualifications of an industrial engineer.

Mr. CURTIS. Have you got plenty of those?

General McSHERRY. We have a considerable number in the country, and they are utilized to a large extent by industry, and we must go to industry to secure them. There are not many unemployed. These men should have a production background as well as be industrial engineers. They would be your key men. In addition to that, we would send one representative of Training-Within-Industry to go along with that industrial engineer, and we would send an occupational analyst from our Employment Service, and if it is a closed shop or if it is a union shop, we would have a representative of labor go along.

These teams would go into those plants that are reported to be hoarding labor or having ineffective utilization of labor or lack of training programs, and would make recommendations to the management on how to improve the over-all effective use of manpower.

Mr. CURTIS. How small a plant would you expect to include?

General McSHERRY. At first inspection it would be restricted to the larger plants, but, later on we would continue until we covered all plants. I presume when we got to the smaller plants we would not need so complete a team, perhaps an occupational analyst could do the job, or perhaps a training man would go in.

Mr. CURTIS. How many such teams would you need?

General McSHERRY. I have asked that we have one for each region at the present time, or rather I have asked for one industrial engineer for each region and six for the national office. The training people we have on hand at the present time. Of the occupational analysts, we have a great number on hand, and, of course, we get the labor representative from the local union.

In England, they have some 660, as I recall, industrial engineers. They vary from high-grade industrial engineers to men who come from some small plant. They have a man at each of their local placement services for that purpose. It may be, when we get along further, we will have to have a much larger staff, but at the present time I think that we could start with a relatively small staff.

Dr. LAMB. In that connection, General McSherry, what about the team? We have heard some talk about a team composed of an industrial engineer and a person who was experienced in occupational analysis and some representative of a labor organization, if there was one in the plant, and possibly that three-man team would be sufficient for the purposes. Do you contemplate the development of such teams?

IMPORTANCE OF IN-PLANT TRAINING

General McSHERRY. Yes. I would add a Training-Within-Industry man because practically all personnel problems require some sort of a training program to make effective the recommendations of the industrial engineer or the occupational analyst.

Dr. LAMB. As a matter of fact, that would perhaps be the key to the whole situation, particularly where you have the rapid induction that you have going on now.

General McSHERRY. That is correct. As a matter of fact, one of the biggest potential labor supplies that we have is the increase in the productivity of the individual worker, and we have had certain examples where that productivity has been increased as much as 50 percent. When we come to the tighter labor market that we now see ahead, it is going to be essential we increase the individual's productivity through better arrangement of production lines, the flow of materials, training, and integration of jobs.

Dr. LAMB. By using the word "individual," perhaps the emphasis is off the point that I have in mind, and actually it is more a matter of integration and of a reexamination of the uses made throughout the plant, is it not?

General McSHERRY. That is correct, but the net effect is the individual's increase in productivity; but that is accomplished through the integration, training, and flow of materials.

Dr. LAMB. The committee has the impression that over a period of, we will say a very short period, of a few months or even weeks in some plants, a competent production engineer, acting as labor utilization inspector, could transform the output of that plant.

General McSHERRY. I think that is a correct statement. I feel confident that it is a correct statement, and, of course, it will become more and more important as we get into labor situations, such as in Portland, Oreg., where there is a limited amount of housing, and there is a big program for additional workers necessary to carry on the construction of ships in the three yards of Kaiser's. If he should place this new contract for airplanes there, it would increase the problem tremendously. At that particular place, it would be well if we had full utilization of the labor that they have on hand and every method that we know of should be applied to secure the full utilization of the individual's efforts.

Dr. LAMB. I think we would be prepared to predict, where your skills are being effectively used and hoarders found on this type of

operation, that you can get your projected expansion in those plants without the addition of workers from outside the plants.

General McSHERRY. That is true. Certain plants that I know of have increased output, some 50, some 75 percent, with no increase of personnel. That was definitely due to the application of what we contemplate through the use of an inspector.

Mr. ARNOLD. Do you have any information on this subject?

It has come to the committee's attention that the Army Civilian Personnel Division already has liaison inspectors in the plants of war contractors and that these liaison inspectors already are working with material and supply inspectors of the different services of supply. As we understand it, these liaison officers survey labor utilization in the plants and, working through the material supply inspectors and through the local offices of the Employment Service and the training programs, they are attempting to correct inadequate labor utilization in the plant. We are told that as a result of their work, piracy of workers by war contractors from each other has been greatly reduced. Do you have any information on this subject?

Mr. McNUTT. There is no question about their being very useful and they work with our own people.

LABOR-MANAGEMENT COMMITTEES SERVE AS APPEAL BOARDS

General McSHERRY. May I amplify that remark somewhat? There are, in many localities, agreements amongst employers to require a clearance from other war employers before they will hire a man. We have that in Philadelphia. We have it in Boston. We have it in Charleston. We have it all over the country. That is an employers' agreement. Now, the difficulty comes in having an appeal agency for the individual worker, because many times he does not get his clearance from his employer when he has perfectly valid reasons to have clearance. As we set up our management-labor committees in the local area, they act as an appeal board to eliminate friction that has developed in certain localities. These agreements have been worked out by manufacturers in many places, and are in effect at the present time. The difficulty with them is that they do not include all employers, and, of course, if you do not get all employers, you have difficulty with the ones not included in the agreement.

The CHAIRMAN. General McSherry, I am informed that 70 percent of the ammunition in England is turned out by factories employing 40 or less men. Why is that? Because the factories are scattered all over the country, or what?

General McSHERRY. I could not answer that question. I do know that, in some of the plants manufacturing artillery ammunition, they utilize women entirely, and it may be that there are less than 40 men in the plants, but some of these plants certainly employ more than 40 people. They have large numbers of women. In one plant manufacturing 6-inch shells, there is not a man in the plant. The forgings come in, and the completed round of ammunition goes out packed. There is not a single man in the plant, but I do not believe they have plants with just 40 men and no one else.

I think the implication was that there was a large number of women in those plants manufacturing the ammunition.

APPARENT DUPLICATION

Mr. ARNOLD. From the organizational chart and statement of functions of the Civilian Personnel Division of the Army, it would appear that there is a complete duplication of the work of the War Manpower Commission. What is your opinion of the usefulness of such duplication?

Mr. McNUTT. I have never felt that duplication was necessary any place. However, I do not know. That is merely rumor.

Mr. ARNOLD. Do you consider that the function of advising contracting services on the availability of labor is primarily a function of Civilian Personnel Division or the operating agency—

Mr. McNUTT (interposing). Of the War Manpower Commission.

General McSHERRY. We have been advising the procuring agencies of the War Department, Navy Department, and Maritime Commission, of the labor situation for some time, as well as the War Production Board. The greatest advantage of the Manpower Division of the War Department is the fact that they can secure from the local inspectors or procurement agents of the War Department acceptance by contractors of our policy. In other words, they have closer contact with the procurement officers in the field than we would have, and when we have difficulty getting a war contractor to carry out some of our policies, the War Department's manpower representative assists us. In fact, there is one representative of the Civilian Personnel Division of the Army on each of our regional staffs for that purpose, to assist us in carrying out our policies with the war contractors.

TESTIMONY OF PAUL V. McNUTT—Resumed

Mr. ARNOLD. Does the War Manpower Commission have authority to issue directives to the Civilian Personnel Division of the Services of Supply of the War Department?

Mr. McNUTT. The question has never arisen. That is not one of the agencies listed, as I remember, on the Executive orders. Of course, the War Department is represented on the Commission and ordinarily in problems of that kind we would ask it to handle them.

Mr. ARNOLD. Some newspapers and civic organizations have asserted that the Fair Employment Practices Committee would be hamstrung by its transfer to the War Manpower Commission. What are your views on that?

Mr. McNUTT. Well, let me answer the criticism first of all. I think the work of the committee will be strengthened because of the help we can give them and the integration is coming along very satisfactorily.

Mr. ARNOLD. How do you propose to enforce Executive Order No. 8802?

Mr. McNUTT. We will utilize everything we have to bring about the purposes of that Executive order.

Mr. ARNOLD. How will the freezing order for Federal employees operate?

Mr. McNUTT. First of all, I think the term "freezing" is unfortunate. It is not that. If the committee desires, I will put into the record the directive which was signed on Monday.¹

¹ See p. 13237.

The CHAIRMAN. I think we would like to have it, Governor, if you would be kind enough to send it.

Mr. McNUTT. Yes; I will be very glad to. It is an effort to put the Government's house in order, so that we will be best utilizing what we have.

Mr. ARNOLD. I do not want to detain you too long, but I have a few more questions.

Mr. McNUTT. All right.

POWER OVER CIVIL SERVICE COMMISSION

Mr. ARNOLD. It has come to the committee's attention that the Civil Service Commission makes no review of the job specifications of orders for workers placed with it by Government plants—and I understand that Government-operated plants are as greatly overstaffed as private industry. Is it in the power of the War Manpower Commission to issue a directive to the Civil Service Commission instructing it to analyze the job requirements for all orders placed with it by Government plants?

Mr. McNUTT. Yes; I would suppose so, but I want to say this also, that the Civil Service Commission has cooperated in every way. It is anxious to do a good job, and it likewise is represented on the War Manpower Commission.

Mr. ARNOLD. Is it within the power of the War Manpower Commission to instruct the Civil Service Commission to undertake labor utilization surveys of Government-operated plants?

Mr. McNUTT. Yes.

Mr. ARNOLD. The committee has investigated examples of faulty job specifications. For example, in one Government plant an order was placed for 200 machinists. Upon review by occupational analysts it appears that approximately 10 machinists were needed; the remaining workers needed were machine operators. In general, it is our impression that many private and public plants are tremendously overstaffed and that labor is definitely not being used at its highest skill or in the proper manner. This is why the committee advocated labor utilization inspectors in the fifth interim report and why we believe that manpower planning at the plant level is of prime importance at this time. Is it within the authority of the War Manpower Commission to require an occupational analysis of all employer orders for workers through directives to the War Department and the War Production Board?

Mr. McNUTT. Yes; without doubt. Of course, there are some limitations. You must remember that whatever staff you use for that purpose must be adequate. It would be futile to give an order if there were no staff available to carry it out.

The CHAIRMAN. But you are doing your very best?

Mr. McNUTT. We are utilizing everything we have.

The CHAIRMAN. But you are doing the best you can in the art of persuasion?

Mr. McNUTT. That is right.

Mr. ARNOLD. Did you say, Governor, that an appointment of regional manpower directors was being made?

Mr. McNUTT. Yes. They have all been made but one, and that very likely will be made this week.

MUST ALSO BE OPERATING AGENCY

Mr. ARNOLD. What is your opinion of the proposal to transfer the Employment Service by Executive order to the War Manpower Commission itself?

Mr. McNUTT. I have asked for it.

Mr. ARNOLD. In your first press conference, you suggested that the War Manpower Commission would have a minimum of operating function and that it would be confined primarily to policy decisions.

Mr. McNUTT. I thought that was the case then. Experience has demonstrated that we have to become an operating agency.

Mr. ARNOLD. And you think it has to be an operating agency?

Mr. McNUTT. That is right.

Mr. ARNOLD. That is all I have.

The CHAIRMAN. The gentleman from Ohio, Mr. Bender.

Mr. BENDER. Governor McNutt, in the beginning you seemed to take exception or were rather concerned or distressed about a question that was asked, and in your statement you indicated the very thing that question was about, that a national——

Mr. McNUTT (interposing). Service act was necessary; that is right.

Mr. BENDER. So, there is no argument between us about that.

Mr. McNUTT. No; but I was objecting to gossip as to what differences of opinion might exist. I do not think that such gossip is helpful at times like these.

Mr. BENDER. We are not interested in gossip.

Mr. McNUTT. That is all it is.

Mr. BENDER. We have had so much discussion about it, and we turn on the radio and hear of it, and on the floor of Congress we have had discussions about it, and in committee we have had discussion, and among ourselves. Certainly, it emanates from some place. Regarding persuasion and agreement, do you think that policy is no longer effective?

Mr. McNUTT. When it is all you have, you use it to the greatest extent possible, but necessarily it makes for a piecemeal solution of many problems and time is short.

Mr. BENDER. You believe that the other method is more desirable?

Mr. McNUTT. That is right.

Mr. BENDER. Governor McNutt, who is Mr. Rubicam and what are his duties?

Mr. McNUTT. Mr. Rubicam is the special assistant to the Chairman of the War Manpower Commission, and he has actually the direction of all of our informational activities. He serves without pay.

Mr. BENDER. He is a dollar-a-year man?

Mr. McNUTT. He serves without pay.

Mr. BENDER. You made a point in your paper about farm women and how many of the women on the farms might be used in industries.

Mr. McNUTT. I was simply stating those totals. As to how many could be used, that is a different problem.

Mr. BENDER. You are not advocating taking women off the farms and using them in industry, are you?

Mr. McNUTT. No.

General McSHERRY. That statement was nonrural. All those women listed were nonrural. The only mention of rural people was where the submarginal and subsistence farmers might be a potential labor supply.

Mr. McNUTT. Both those were nonfarm housewives. The farm housewives are needed on the farms right now.

Mr. BENDER. That is my impression.

Mr. McNUTT. As are some of the farmers themselves who have left their farms to go into industry.

POSITION OF EMPLOYMENT SERVICE IN PROGRAM

Mr. BENDER. You made a point of the need for continuation of the transfer of the State Employment Services to the Federal Government, not for war manufacturing alone but as a permanent policy.

Mr. McNUTT. No; there was nothing said about that.

Mr. BENDER. You indicated there was possibly a lack of cooperation as the result of that undertaking, that that service was transferred only for the war. I listened quite attentively to your paper, and that was my impression. If I am wrong, I want to be corrected.

Mr. McNUTT. Very frankly, we want to get a job done in this war, and I have been very much disturbed by attempts to point this transfer out as an attempt at federalization of a good many of these activities. Please believe me, I am honest in wanting to utilize the Employment Service to the greatest possible extent. It is one of our great operating arms, but we are suffering now by losses of our own key personnel simply because we cannot hold these people due to the limitation in the appropriations act. That is one thing. They are leaving us to go and become personnel managers in plants at two and three times the salary they have been receiving, and, frankly, I cannot blame these people as individuals. You can appeal to them to stay, that this is a patriotic duty to stay, but, after all, their own economic status has something to do with it.

Mr. BENDER. My State is Ohio, and, from my understanding of the employment situation in Ohio, that is, the State Employment Service, I understand that it is now wholly under Federal supervision.

Mr. McNUTT. That is right.

Mr. BENDER. And there is no conflict there at all.

Mr. McNUTT. There is no conflict, except a very natural reaction on the part of those who are members of that service. They understand that the transfer is made for the period of the war. They are, therefore, subject to such pressures as may be applied at the State level. I am just talking about the natural reaction of a person. Here is an important operating agency. It will become more and more important as their activities go on in this war. It should be brought to the highest point of efficiency.

Mr. BENDER. Governor, is there a duplication of effort at the present time in connection with the work that is outlined for the War Manpower Commission and the Selective Service Commission and the Army and Navy? Is there a cooperative spirit existing there altogether, or is there considerable duplication at the present time?

Mr. McNUTT. No; I do not see any duplication as far as Selective Service is concerned, for one. How much is going on in the War

Department, I do not know; but, as I say, the War Department and the Navy Department are both represented on the War Manpower Commission, one by a special assistant to the Secretary of War, and the other by the Under Secretary of the Navy; and we have been reasonably successful in getting the desires of the War Manpower Commission carried out.

PLANT INSPECTIONS BY ARMY AND NAVY

Mr. BENDER. Governor, both you and the general made the point of need for these inspectors in plants. My information from the Cleveland plants, for example, is that the inspection is now being carried, and very adequately, both by the Army and the Navy. Is that your opinion?

General McSHERRY. The inspection of the Army and the Navy which is carried on regularly is an inspection of materials. They are interested in seeing that the specifications of an item are complied with and that a certain quality of steel, for instance, goes into a given item. That is the normal inspection that is carried on by the Army and Navy.

As far as an inspector for the utilization of labor, that has not been established by the Army or Navy in any degree. Of course, individual instances always come to the top where maybe some man who has had an industrial background is a commissioned officer and he might make suggestions, but, as a planned proposition, the Army and Navy are not making inspections for the determination of effective utilization of workers in these war plants.

LABOR-MANAGEMENT COMMITTEES

Mr. BENDER. Governor, if manpower planning is to be done on a local level where the job, after all, is actually going to be done, will the labor inspectors need the cooperation of management and labor within the war industry and within the war planning, and what relationship do you envisage between the management-labor production committee and the utilization inspectors?

Mr. McNUTT. There is no question, we must have the help of both management and labor, and our plan, of course, includes the setting up of a labor-management committee in every area in which we operate. They will work in close connection, and in some instances, the W. P. B. labor-management committee will have the same personnel as our own.

Mr. BENDER. Do you think that the management-labor production committees, insofar as they do production planning within the plant, are also doing manpower planning within the plant?

Mr. McNUTT. Yes; of course they are. That is like a seamless web, utilization of manpower and production. They are parts of the same thing, but we work with them, they work with us. We have gone to this extent: Mr. Nelson and I, by agreement, have made our regions coextensive, and we, for example, have moved two regional offices in order that they may be in the same place to avoid loss of time, and wherever possible they will be in the same building. We look upon this as partnership activity.

Mr. BENDER. You feel, then, that the entire management-labor production committee set-up should be a part of the War Manpower Commission?

Mr. McNUTT. No. We are not asking for that. They represent the War Production Board. As I say, our people work together in the field. They are so instructed, and I have no reports of any failure to cooperate at any level.

Mr. BENDER. Has any thought been given to the question of production as it relates to manpower? For example, if a man is hired and paid for 8 hours' work, that there be some standard set as to how much work he should perform in that 8 hours?

Mr. McNUTT. Necessarily, you must consider a question of that kind.

Mr. BENDER. Is the standard of production on the basis of the survey that you have made reached pretty generally by the employees in the industry?

PEAK OF INDIVIDUAL PRODUCTIVITY NOT YET REACHED

Mr. McNUTT. I should say not. In other words, we can do more, and it is going to be necessary to do more. There have been some other factors brought to bear upon that, supply of materials, for example; the plant being unwilling to release its men because its activities were hampered by lack of materials at that time. Of course, you can appreciate the reason for that. Why destroy your organization when you know that perhaps next week you have the material to go ahead? The thing has not geared as well as anyone would like it, but once again it has been due to a number of factors perhaps not within the control of anyone.

General McSHERRY. When you consider the shipbuilding industry had only 60,000 workers in 1940 and now has 700,000, obviously the men working in shipyards have not reached their peak production and their individual productivity is one of our largest sources of potential manpower. That has not been reached in the aircraft industry or the shipbuilding or the munition industry, because they have all expanded from a very small productive force up toward a million or more this year. Obviously they have brought in men who have not had the chance to be trained and they have not reached that point of productivity that you mentioned. There is a big field to develop at the present time.

Mr. BENDER. I would like to ask you, Governor McNutt, regarding the recruitment of doctors. Is it your opinion that voluntary recruitment of doctors is haphazard and the worst type of compulsion?

Mr. McNUTT. Well, it was the "great experiment." The medical profession came in and said they could do it on a voluntary basis, and I said: "All right. If you want to try it I will give you all the help I can."

I do want to say that that service has been improved, remarkably improved. Of course, I think you realize some of the difficulties when you are dealing with professional men.

Mr. BENDER. Governor McNutt, what is your opinion regarding this whole manpower question? Is it your opinion that your agency is equipped to handle this whole problem in the event that there is that single authority granted by a national manpower act?

Mr. McNUTT. Well, it is indicated that that is where it belongs. We need more help. For example, in asking for help from the Employment Service, I went in with a letter from the President, approved by the Budget committee, asking for \$19,000,000, and I got \$2,400,000.

The CHAIRMAN. None of the members of this committee are on that committee.

Mr. McNUTT. No; I realize that.

Mr. BENDER. I would like to ask this question, Governor, and I am asking it in good faith. We are here because we are part of a political system, and, of necessity, we are elected as a part of a political system, either by one group or the other, and by the citizens generally. I do not mind talking out loud about the fact that the country is generally concerned about this manpower issue being on a nonpartisan basis, that is, so that there cannot be any question raised as to somebody, somewhere, using this as a vehicle, not only for the war effort but for some political purpose, and I am sure that is not in your mind. It is not in mine, but I feel very strongly about the need for emphasizing that point, and I think you should not resent my making this statement so that the opportunity is presented for emphasis on that basis, and so we are not confronted with the constant specter of the issue of politics being raised at any time. Do you care to make any comment on that issue?

Mr. McNUTT. First of all, to my knowledge, there has been no criticism that the operations of the Manpower Commission have been dictated by any partisan political considerations and, if such criticism were made, it would have absolutely no basis.

Mr. BENDER. I think that is all.

Mr. CURTIS. I have a question or two.

BASIC CAUSES OF WASTE

What are the basic causes of waste of skill, the waste of labor and the hoarding of the same?

Mr. McNUTT. I tried to set out at length in a publication, last Sunday in the New York Times Magazine entitled "Waste," some of the things, and if the committee likes, I will put that in the record.

Mr. CURTIS. There is a certain amount of waste that you can hardly escape in going through an experimental period of expansion like the General cited in reference to shipbuilding, employing 60,000 men and going to 700,000 men.

Mr. McNUTT. And those instances are multiplied. I mentioned a moment ago the Sperry operation. They have 10 times the employees there, and that is a highly skilled operation.

Mr. CURTIS. That is something time will cure, won't it?

Mr. McNUTT. Yes; time and attention.

Mr. CURTIS. What are the other causes? Is it intentional on anybody's part? Why would somebody waste skills—

Mr. McNUTT. (interposing). It is perfectly human to want to keep what you have now, anticipating future demands. Of course, there have been some horrible examples. One firm had, I think, 240 engineers to do a job, which, even projected in the future, would not have required it to exceed one-tenth of that number. That is hoarding.

Mr. CURTIS. Was that a cost-plus job, or did the carrying of all of those engineers cost the concern out of its own pocket?

Mr. McNUTT. It is not cost-plus. That is, as I understand it, it is cost plus a fixed fee these days, so that the actual expenditure is not reflected in the fee itself. That would not be the reason.

Mr. CURTIS. It did not cost the concern anything to waste that much skill?

Mr. McNUTT. I suppose not.

Mr. CURTIS. Is there any other basic cause for the waste of skill?

General McSHERRY. There is one cause; that is in common practice in certain machine-tool companies. Every man was a qualified tool maker. Now, as a matter of fact, as necessity develops, you can break jobs down so that machine operators can do many of the operations normally performed by a tool maker. Some companies have not done so. In other words, they are now having qualified tool makers sit and watch a lathe, drill press, or milling machine operation for a number of hours during the day. That is probably one of the most common causes, and the reason for it was that there were tool makers available to do those jobs. It has been a habit of the companies, and, in agreements with the unions, it was stated that there would be tool makers for those particular jobs. We have such a case now. We are going out to Detroit next week to try to break it.

SKILLED LABOR INSURANCE

Now, manpower insurance or skilled labor insurance, as we call it, is another cause. A company that is expanding, particularly an aircraft company, shipbuilding or munitions company, is asked at regular intervals, I won't say regular but at varying intervals, to increase their production, to start a new plant somewhere, or to take over some converted civilian production plant. That means they have to take key personnel from the home plant or parent plant and place it in this new plant. Obviously, if they can get a backlog of skilled workers and technical and professional people, it is much simpler to start this new plant.

Mr. BENDER. Is that a loss?

Mr. McNUTT. Of course, that is a loss.

General McSHERRY. Of course, if they do not get a contract.

Mr. BENDER. Yes; it would be a loss if they did not get a contract, but how much time—

Mr. McNUTT (interposing). Failure to utilize skills presently is a loss. It is bound to be a loss but—

Mr. BENDER (interposing). But how much of a loss in time are you going to forego before you pull that man out of the factory and put him in somebody's else's factory, and how many miles are you going to move him?

Mr. McNUTT. We have not the authority to do it.

Mr. BENDER. I mean, if you get what you are asking for. If here is a concern that has a certain skill and because they want to keep him, they use him all the time and have him do something else—what is going to be your measuring stick as to what to do about that?

General McSHERRY. Take the man out of there if there was no need for that man in the next 2 or 3 weeks. If you had tool makers in Detroit during this conversion period not employed as tool makers

but on some other job in the plant, when Ford, Chrysler, Briggs, and Murray needed tool makers, you would not allow the tool makers to sit around doing some other job than tool making during a long period.

Mr. CURTIS. Of course, you have in Detroit a concentration of industry there that you would not have in some of the other work that is scattered over a wider area; isn't that true?

General McSHERRY. We have many places with concentrated industries. Philadelphia probably has much more than Detroit and more need for tool makers. Of course, Detroit's problem came all of a sudden. In February they cut out automobile production and those plants had to be converted to war production. They all needed tool makers to retool the plants, and we had to put out instructions to various manufacturers in other cities not to recruit tool makers in Detroit. They thought there was an ample supply of tool makers, and a good chance to recruit. They complied with our request and got out of Detroit.

Mr. CURTIS. To what extent is waiting for needed materials a factor in the waste of production?

WASTE THROUGH UNEVEN FLOW OF MATERIALS

General McSHERRY. For instance, the California Shipbuilding Co. was short of materials and they had about 5,000 additional workers over and above what they could utilize. Now, they did not know how soon they would get those materials. They had priorities for them, and obviously the thing the company would do would be to hold those men until such time as they did get more materials. Of course, the Maritime Commission is reopening those contracts and readjusting them, so that each company will know what materials they will have in the future. That is, of course, a temporary proposition.

Another company, the Portland Shipbuilding Co. at Portland, had 28,000 employees and, under the readjustment, they will need 24,000. What they will do is to transfer those men over to their Vancouver yard.

We have no figures on all the plants that have been affected by shortage of materials, and, of course, again, how many men there are idle because of shortage of material and that are still held by the company is a very difficult figure to get.

Mr. CURTIS. Well, does the answer lie in manpower planning or in material planning?

General McSHERRY. Material planning must be such that there will be a uniform movement of material to the plant. If you do not have that, you are going to waste manpower. If you send into a plant material enough to employ 4,000 men for 3 months and then that supply of material is cut off and you employ 1,000 men for 2 months and then you put in material for 4,000, you are wasting manpower because in that interval you cannot utilize those 3,000 men in another plant. You can hardly get them placed and producing in another plant before they are called back to the first plant.

To my mind, a uniform flow of material should be given to every plant in order to conserve manpower. From a manpower viewpoint,

an even flow of material or increasing flow, but a predicted flow that will be lived up to, should be given to every plant.

The CHAIRMAN: General McSherry, in England, as I understand it, the way they handle it there regarding priorities and supplies, you give a formal contract accompanying the priority for material; is that correct?

General McSHERRY. That is correct. From our viewpoint a uniform flow of material to the plant would mean uniform employment, and uniform employment is the best way to conserve your labor supply. If you have an irregular flow of material so there would be irregular employment, you waste manpower.

Mr. CURTIS. That is perhaps one of the biggest factors in the waste of manpower, wouldn't you say?

Mr. McNUTT. It would be considerable.

General McSHERRY. I think it would be considerable in manpower. I think you are correct.

Mr. CURTIS. I understand the number of regional offices is 12. How many area offices do you think will be established?

WAR MANPOWER STAFF

Mr. McNUTT. It looks to us as if in the end we will need probably 200. We have appropriations for 25.

Mr. CURTIS. Mr. McNutt, the four gentlemen with you, do they constitute your entire staff in Washington?

Mr. McNUTT. No.

Mr. CURTIS. About how many do you have as principal experts on your staff?

Mr. McNUTT. One hundred and thirty plus the national roster plus the procurement and assignment, a total of around 500.

Mr. CURTIS. Is that your total number of employees?

Mr. McNUTT. Here in Washington; yes. I made the division—150 as far as the War Manpower Commission staff itself is concerned, but the numbers are on the roster staff.

Mr. CURTIS. Which roster is that?

Mr. McNUTT. That is the professional and scientific roster which we maintain, and which is the pool to which all agencies go for scientific personnel.

Mr. CURTIS. Maybe I should not have used the word "staff." I think perhaps we are using it interchangeably with "total employees." If you have a staff meeting, how many people come? In other words, I see you have four advisers around you this morning. I want to know if that is all of them; or how many you have got?

Mr. McNUTT. The staff meeting would be about a dozen—the Chief of Operations, and the heads of our various divisions.

Mr. CURTIS. You do not need to do it now, but if you would have someone submit a list of those dozen individuals, together with what industry or department they are now with, we would like to have that for the record.

Mr. McNUTT. We would be very glad to give you an organization chart and make it a part of the record.

(The material subsequently submitted by Mr. McNutt is as follows:)

PRINCIPAL STAFF MEMBERS OF WAR MANPOWER COMMISSION

Paul V. McNutt.....	Chairman.
Fowler V. Harper.....	Deputy Chairman.
Arthur J. Altmeyer.....	Executive Director.
Alvin Roseman.....	Assistant Executive Director.
Harold Dotterer.....	Chief, Administrative Service.
Bernard C. Gavit.....	General Counsel.
Raymond Rubicam.....	Special Assistant to the Chairman on Informational Activities.
Brig. Gen. Frank J. McSherry, United States Army.	Director of Operations.
Joseph P. Tufts.....	Chief, Housing and Transportation Service.
John J. Corson.....	Chief, Industrial and Agricultural Employment Division.
Brig. Gen. William C. Rose, United States Army.	Chief, Military Division.
W. W. Alexander.....	Chief, Minority Groups Service.
Robert C. Weaver.....	Chief, Negro Manpower Service.
Lawrence W. Cramer.....	Executive Secretary, President's Committee on Fair Employment Practices.
Edward C. Elliott.....	Chief, Professional and Technical Personnel Division.
Leonard Carmichael.....	Director, National Roster of Scientific and Specialized Personnel.
Frank H. Lahey.....	Chairman, Procurement and Assignment Service.
Philip Van Wyck.....	Acting Chief, Training Division.
William Haber.....	Director, Planning Service.
Frederick Stephan.....	Director, Statistical Service.

Mr. CURTIS. The job to be done caused you to change your sight as to the type of organization you would have to have since the War Manpower Commission was formed?

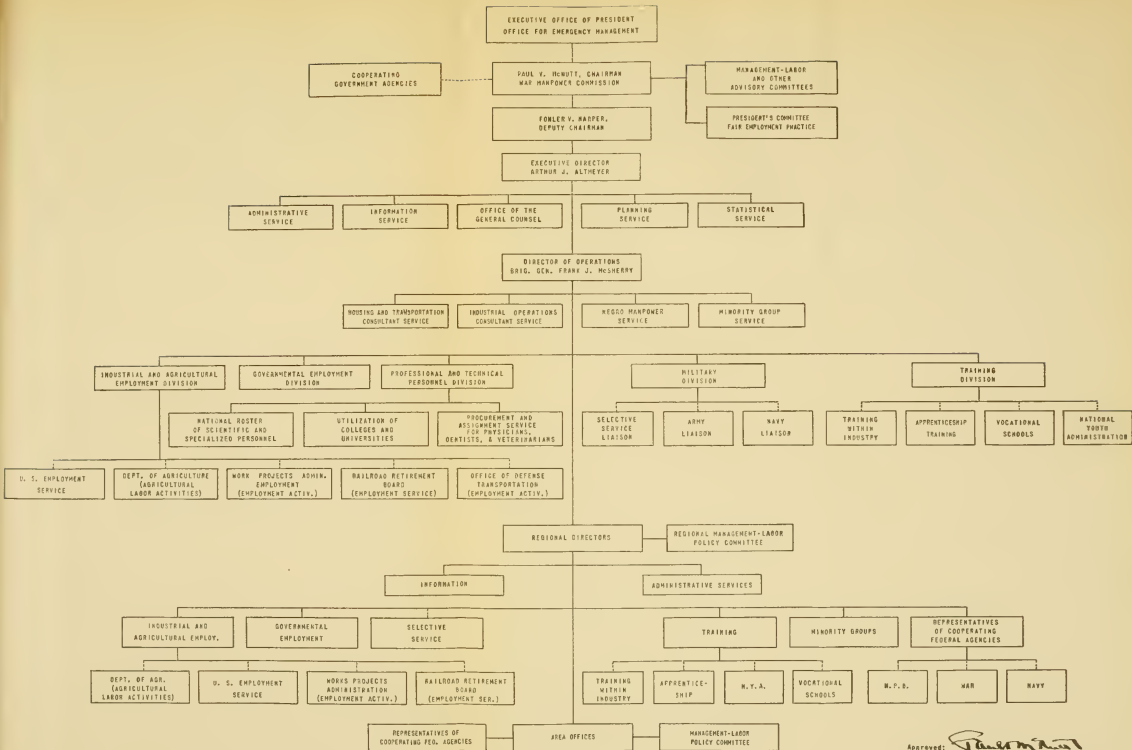
Mr. McNUTT. That is right.

Mr. CURTIS. I gather from the stories that have appeared along in the press, that it was the original intention that the Manpower Commission would determine the policy. Has that been changed to where your staff determines the policy and the Commission ratifies or is an advisory group?

Mr. McNUTT. Well, of course, these matters are submitted to the Commission. You receive the advice of the Commission. The authority is in the chairman. Matters are put on the agenda at the suggestion of Commission members or they may be submitted by the staff. It does not make any difference what the source is.

AGRICULTURAL MANPOWER

Mr. CURTIS. As a former Governor of a great State, which State, of course, has some submarginal land the same as the State I come from, you mentioned it would become necessary to move these farmers off submarginal land and to other occupations and perhaps to better land. The submarginal farmers are paying taxes and interest, or trying to pay interest, not the mortgageholder who owns the land with the farmer as tenant: What provision should be made



Organization Chart of War Manpower Commission.

Approved:
7-26-42

if that has to be done to protect the landowner of this submarginal land with respect to taxes?

Mr. McNUTT. Considerations of fairness would indicate that some provisions should be made to protect him against loss and it does seem obvious now that it will be necessary to utilize farm labor on land which is productive. In other words, the submarginal, the subsistence farm would, in the event change must be made, be the first to go necessarily.

Mr. ARNOLD. The Federal Government is going to have to provide taxes and interest?

Mr. McNUTT. That is right.

Mr. ARNOLD. And investment?

Mr. McNUTT. That is right; otherwise it would amount to confiscation.

Mr. CURTIS. Does this Commission go into the field of agriculture from the point of determining the needs for food for ourselves and our allies and the number of men required for it?

Mr. McNUTT. No. Of course, that obligation rests elsewhere. We get that information to determine what we need by way of manpower for agriculture. It is production that is determined in the War Production Board and the contracting agencies, and they let us know what manpower they need, and we try to adjust that. We get an over-all picture necessarily because we are dealing with the entire manpower supply.

Mr. BENDER. I have another question, Mr. Chairman—before I asked it, someone handed me this note. I think you have already answered this question in your paper, but in any event this is the question:

Governor McNutt, if we operated under a national-service act, would that enable the Manpower Commission to compel employment of Negroes and stop the present and continued discrimination which neither it nor the Employment Service Committee seem to correct on a large scale? The Negroes have to keep waiting despite 400,000 sons in United States military service, and their parents beg for jobs.

I think you covered that?

Mr. McNUTT. I think I covered that, and certainly we have given our earnest attention in an effort to stop discrimination against Negroes or other minority groups.

The CHAIRMAN. So has the President himself.

Mr. McNUTT. And I want to say that great progress has been made. You do not break down prejudice overnight. It has taken persuasion and everything else we can bring to bear, but it is perfectly obvious, of course, that they will be utilized.

NATIONAL SERVICE ACT DISCUSSED

Mr. BENDER. Governor McNutt, if a national-service act is passed, does that mean that the Army no longer determines its needs?

Mr. McNUTT. Of course, the determination of needs should be based upon a consideration of all of the factors, for it is not enough to say we will have an Army of a certain size. You not only consider the military needs, meet them insofar as you can, but armed forces must have supporting economy. You cannot destroy it and maintain

armed forces. That balance must be kept, and the problem is being studied, now, by those who are responsible, taking into consideration our total manpower pool. I signed a letter this morning in response to two questions.

Mr. BENDER. What about an occupational deferment policy versus quotas, that is, how would you handle that? Quotas for the Army as compared to quotas for occupational deferment?

Mr. McNUTT. It seems to me that such problems would have to be determined by, well, let us say a committee consisting of representatives of the armed forces, the War Production Board and War Manpower. That is, in determining the size of the armed forces, certainly those who make the call should take into consideration our productive capacity and likewise our supply, our total supply, of manpower.

Mr. BENDER. Governor McNutt, is it your opinion that the President now has sufficient authority to establish what is discussed here as a national-service act? Is it necessary for additional legislation to be passed by Congress in order to establish such authority, or does the President now have that authority?

Mr. McNUTT. Well, if I may revert to my former occupational calling, you are asking me as a lawyer—

Mr. BENDER (interposing). I am not a lawyer, myself.

Mr. McNUTT. I am not so sure that I am any more, but I feel that legislation is necessary, that is, to remove any doubt whatever. It is so vital and it is something that the Congress of the United States should give public expression to as representing the idea of the people. I think the people are ready for it.

Mr. BENDER. Thank you very much.

Dr. LAMB. Governor McNutt, you reassured the committee as to the cooperation between the agencies involved with your work. Isn't the question, however, one of effectiveness of procedures? I would like to paint a picture as we got it yesterday from General Hershey so you can see what seemed to be the proportions that are now developing.

General Hershey did not say that a 13,000,000-man Army was now in progress, but whether he did or not, there is a popular concept that a 13,000,000-man Army is not inconceivable. General Hershey made the statement that a 10,000,000-man Army is now in sight. If we take that number of people, and we are taking them, as General Hershey said yesterday, at a very rapid rate, out of civilian life and particularly out of war production, the question of the effectiveness of procedures is going to become overnight a much more serious question even than it has been recently. I think we can all agree it has been getting increasingly serious. Consequently, the problem that confronts us is that unless you have simultaneously an orderly plan for withdrawals which is keyed into an orderly plan for utilization of labor, not merely for the moment, but projected into the future, how are we going to lick the manpower question?

I would like to say one more thing in terms of projection. A 13,000,000-man Army or 10,000,000-man Army is going to take a great deal more production. I do not say a great deal more productive workers, although it will, but a great deal more production than we are getting today. The President himself said we are at 50 percent of capacity, or something of that kind.

Now, the problem, as it seems to confront the country at the moment, is what comes first in the way of reorganization to meet the occasion? The committee in its fifth interim report said that the problem of compulsion was undeniably ahead of us, that the question of timing was the fundamental question, so that between the timing of compulsion and the institution of these particular reorganizations and realignments, your judgment is, as stated in the paper which you presented, and in your testimony this morning, that the National Service Act comes first, at least I presume that that would be your judgment?

Mr. McNUTT. Not necessarily first. I think if these things could be as nearly simultaneous as possible, it would be well.

Dr. LAMB. I agree with you that it would be well if they could be as nearly simultaneous as possible, although I am no politician or judge of such matters, as the members of the committee are—

Mr. BENDER (interposing). We resent that.

Dr. LAMB. But it would seem to me to be reassuring to the country to feel that initial steps have been taken first, and the problem, as stated in the fifth interim report on the question of the lack of meshing between the flow of materials and the flow of manpower, is considered so the emphasis is placed on the fact that until the flow of materials is more properly scheduled and better arranged, your job—

Mr. McNUTT (interposing). Becomes more difficult.

Dr. LAMB (continuing). Is almost insurmountable in terms of proportion of the job now developing. In other words, that this other thing has got to be licked first, or at least we have got to see our way forward along that line first.

Mr. McNUTT. As I look at this effort, it must be a joint effort on the part of those who have been given responsibility; in other words, those who are charged with the armed forces, those who are charged with production, and those who are charged with manpower should sit down and frankly review the facts. It will be our business to tell them what the manpower situation is, and the military needs, of course, feel the impact of the productive capacity and the supply of manpower and all those factors must be considered in any of these determinations—what our commitments would be under lend-lease, and everything else of the kind.

BALANCING MANPOWER NEEDS AND MILITARY REQUIREMENTS

Dr. LAMB. But, at the present time, is it not fair to say we are not organized and equipped to match manpower needs of a military type with military requirements for matériel which are, in turn, manpower needs on the war-industry front? In other words, from here out we are in a war economy.

Mr. McNUTT. That is right.

Dr. LAMB. And as you said at the beginning of your remarks, the war economy requires that manpower for war industry and essential civilian industries be recognized as a part of that war economy and not something that can be done without organized plan?

Mr. McNUTT. You have these needs to meet; you have your armed forces. You must supply them. You must feed them, and at the same time you must have an economy that will support them. That

is, it has to be a balance. You keep adjusting as you go along to meet the needs as they arise.

Dr. LAMB. In some of his remarks a few minutes ago, General McSherry says it is a loss if they do not get a contract. This seems to me to sum up, in the shortest possible space, what is wrong. The present attitude of those in charge of war production is and has been that whether these groups get a contract is dependent upon whether or not they make a successful bid. Now, the fact of the matter is that there are latent capacities, there is productive capacity, there are workers, and whether or not they get a contract is a matter of the location at which they find themselves on a list of bids. If we intend to fully utilize these workers and these machines, we must have a system for taking the workers out of plants where they are not to be used for using them in the plants where they now find themselves and not questioning whether or not that particular plant has come up to the mark in some abstract particular. If we really want the goods, we will ask for it.

I will give you an example from the committee's own experience which I think illustrates this thing as well as I can. We had a producer from Decatur, Ill., who was a bidder in shell production. This plant had been the mother plant for the retooling of a plant in Chattanooga. This plant was affiliated with another corporation which was practically identical in ownership and control in Canada. The Canadian plant had been producing shells since 1937. The Decatur plant had bid and been unsuccessful in its bid. As the committee's investigation indicated, its bid was turned down not because shells were not needed throughout the country but because the ordnance district within which it found itself had met its particular quota. Now, this situation has, since the entrance of the country in the war—that was last November—undoubtedly been improved, if not completely corrected, not necessarily in respect to this plant, but throughout ordnance districts; but the approach prevails, the Chattanooga plant gets the contract; its ordnance district has a quota and that plant is able to meet the requirements and quota. The plant which tooled it up, the plant that has the "know how," as people in Washington like to say, does not get it. The workers in that plant have a choice of going to Chicago for a job, let us say, or sitting where they are and waiting for that plant to be a successful bidder.

Now, that seems to be the nature of the problem. Would you agree?

Mr. McNUTT. That is simply one of the problems.

Dr. LAMB. Isn't it pretty close to the center of the problems?

Mr. McNUTT. I would not put a finger on it and say that is the whole problem. It is not.

Dr. LAMB. Well, let's state it this way: You have the contracts in the services. You have materials controlled in War Production Board and the manpower in the Manpower Commission. Each of these is essential to the plan. How can we from here out plan production as a whole around those three separate agencies and their three operating functions?

Mr. McNUTT. By the three sitting down together. That should be simple.

Dr. LAMB. It should be, but it has not been to date.

Mr. McNUTT. I am not here to argue with you on that. I do my part of it, but the suggestion which you imply, I likewise put in writing, as I say, this morning.

The CHAIRMAN. Governor McNutt, you have certainly been very patient and also the gentlemen with you.

Mr. McNUTT. Thanks, Mr. Chairman, and members of the committee. If we can be of any further service, Mr. Chairman, you only have to call I think as you well know.

The CHAIRMAN. We will adjourn until 9:15 o'clock tomorrow morning in this room.

(Whereupon, at 12:30 p. m., a recess was taken until 9:15 a. m., Thursday, September 17, 1942.)

NATIONAL DEFENSE MIGRATION

THURSDAY, SEPTEMBER 17, 1942

MORNING SESSION

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE INVESTIGATING
NATIONAL DEFENSE MIGRATION,
Washington, D. C.

The special committee met at 9:15 a. m., in room 1102 New House Office Building, Washington, D. C., Hon. John H. Tolan (chairman) presiding.

Present: Representatives John H. Tolan (chairman), of California; John J. Sparkman, of Alabama; George H. Bender, of Ohio; Carl T. Curtis, of Nebraska; and Laurence F. Arnold, of Illinois.

Also present: Dr. Robert K. Lamb, staff director.

Mr. CURTIS. I think we might as well start.

Mr. LUND, we are ready whenever you are.

TESTIMONY OF WENDELL LUND, DIRECTOR, LABOR PRODUCTION DIVISION, WAR PRODUCTION BOARD, WASHINGTON, D. C.

Mr. CURTIS. Mr. LUND, please give to the reporter your full name and the title of your present position.

Mr. LUND. I am Wendell Lund, Director of the Labor Production Division of the War Production Board, and I am also a member of the War Manpower Commission.

Mr. CURTIS. How long have you been with the War Production Board?

Mr. LUND. Since the 1st of May, Congressman.

Mr. CURTIS. With whom were you connected before that?

Mr. LUND. I was director of the Michigan Unemployment Compensation Commission.

Mr. CURTIS. For how long?

Mr. LUND. For a period of some 9 months.

Mr. CURTIS. How long have you been engaged in personnel and labor problems?

Mr. LUND. For 9 years. Before that I was a member for some years of a large international union.

Mr. CURTIS. What particular training have you had in that?

Mr. LUND. Training in labor problems and labor economics, and then this experience starting in 1934.

Mr. CURTIS. Mr. LUND, you may submit to the reporter whatever brief statement you wish inserted in the record.

Mr. LUND. Yes, sir.

(The statement submitted by Mr. Lund is as follows:)

STATEMENT BY WENDELL LUND, DIRECTOR, LABOR PRODUCTION DIVISION, WAR PRODUCTION BOARD, WASHINGTON, D. C.

When I appeared before your committee in June,¹ I pointed out the change of function that took place in the Labor Production Division when it ceased to be the Labor Division. Until the establishment of the War Manpower Commission in April 1942, the Labor Division of the War Production Board was responsible for the national Labor Supply and Training Program. Under the Executive order, these functions were transferred to the War Manpower Commission. This transfer gave the Labor Production Division the opportunity to devote itself wholeheartedly to the functions which I described to this committee in June. At that time, as the committee will recall, I said, "The Labor Production Division of the War Production Board * * * is founded on two premises: (1) That the implements of war cannot be turned out without full and intelligent utilization of our democratic labor force; (2) that labor participation in the design and management of the war production program is essential to maximum production. The Labor Production Division is going to do everything possible to insure labor's participation in the war production program, and to interpret the problems of the war production program to labor groups."

This conception of our job in the Labor Production Division as one of service to labor both broadens and narrows the interest of the Division in questions of manpower. It is broadened in the sense that every one of the multifarious ways labor is affected by the war production and war manpower programs of the Government is our concern. It is narrowed by the fact that no longer is it our responsibility to operate the programs, but only to promote the participation of labor therein. An understanding of this change is important as the background of this testimony, because I want to express what I believe to be labor's major concern on questions of manpower.

It need hardly be said that the problems of manpower, of their relation to production in wartime are extraordinarily difficult and complex. In the first place, we are seeking to replace the peacetime mechanics of manning American industry, which in ordinary times have been left to the free play of economic and personal motive, with an organized, directed flow of manpower into war activity. In the second place, we are not only manning the most tremendous army in the Nation's history, but at the same time, embarking on the most stupendous program of industrial output ever undertaken in the history of the world. In the third place, we are dealing not with tangible materials, but with men and women. And the relationships with which we deal are those that lie at the very heart of our society—those between man and family, between employer and worker, between the individual and Government. Thus, the decisions we make in the field of manpower, and the way we make them, may in large part determine whether or not our kind of democracy will survive.

I believe that three major aspects of manpower are of particular concern to labor:

(1) The creation of agencies which would guarantee the most efficient division of available manpower between the fighting forces and the nonmilitary war and civilian industries.

(2) the establishment of a working relationship between the needs of the armed forces for war matériel, the production of that matériel, and the Nation's supply of workers.

(3) the most efficient division and utilization of the manpower outside the armed forces for the maximum war effort.

With regard to the first, labor has long held the view that the basic manpower problem is to divide the Nation's men and women between the armed forces and everything else. The purpose of this division is easy enough to state. It is simply that we want to create the largest and most efficient allied force we can, on the one hand, and to equip it with the tools for victory. This means that some authority has to make the decision that present strategic considerations call for armed services of, say, 10 or 12 million, and that the remaining manpower can equip it satisfactorily.

¹ See Washington hearings, pt. 33, p. 12503.

Until the War Manpower Commission was created, at least a dozen different Government agencies were splashing around in the pool of manpower with little coordination. The Manpower Commission was provided as an instrument by which the fundamental decisions of policy on manpower might be applied. As yet, however, neither the Manpower Commission nor the other agencies involved are equipped with the basic facts about the size of the armed services we now want to create, nor the size of the production program necessary to equip our fighting men.

The longer such a decision is delayed, the more serious danger we run of going to excess either in one direction or another. On the one hand, workers may be taken out of jobs into the Army in such a way as to cripple the production that the armed services need for their maximum efficiency. On the other hand, there is danger that the armed forces may be denied the men they need to operate the war machine. I cannot see how either the War Manpower Commission or the Selective Service can be expected to do their jobs the way they ought to be done until they know much more exactly just what is required.

The present methods of recruiting manpower for the Army and Navy add to the difficulties. Until very recently, we were faced with the fact that the Navy was recruiting, without restriction, building up its entire force from voluntary enlistments. The Army has been using both the Selective Service and a restricted recruitment. In addition, both services have been recruiting commissioned men and setting up a number of special commissioned reserves. Within the last few days, the Army and Navy have announced their intention of restricting their recruiting efforts somewhat, but these decisions were made independently, and not inside the framework of a basic manpower machinery.

The net effect of this situation has been to make more difficult the orderly withdrawal of manpower from civilian life, a withdrawal carried on in cooperation with those responsible for maintaining production. In some cases there has been vigorous competition between the services for manpower.

The result of this in many cases has been serious injury to industry, by the loss of skilled men who are gravely needed for its operation. We recognize that the armed forces need skilled men, but such men must be withdrawn in an orderly fashion so that our industries will not be crippled. Furthermore, it is most unfair to men in industry to demand, on the one hand, that they stay at their work benches, and, on the other, to subject them to patriotic appeals to enlist voluntarily in the armed forces. American workers are the most patriotic workers in the world; and to face them with such a confusion of advices is wholly inconsistent with sound manpower policy.

Labor has clearly indicated its view in this matter. It has called for the end of voluntary enlistments, and the supplying of manpower for the armed forces through an efficient and enlarged use of selective service.

RELATIONSHIP OF MANPOWER TO PRODUCTION

Of special interest, too, is the relationship of manpower to production. It should not be necessary to remind anyone that manpower is so integrally related to production, that the man is closely related to the work of the machine, and that the two can hardly be thought of separately. Yet, because the problems are separated on an administrative chart, the subjects are sometimes considered to be separate.

Early this summer, labor again raised this issue forcibly. Unions in the metal fabricating industries were finding scattered instances of plant slowdown and even shutdowns for the lack of raw materials. They have found that skilled men were being made idle and machines stopped, men and machines which were in the greatest demand for the war effort. They found themselves and their membership gravely puzzled by being exhorted one day to work to the maximum, and the next being thrown out of work by lack of materials or parts to work on.

The result of this concern was a request to the Labor Production Division for a meeting with the operating heads of the War Production Board so that these questions might be discussed. For 2 days, the major officials of the War Production Board sat down with the labor men and discussed the problem. The labor men were unrestrained in their demands that the necessary steps be taken to insure that plants should no longer be necessarily shut down because of shortages of parts and materials. They emphatically called upon the War Production Board to assume responsibility for the scheduling of production and of raw materials that might be necessary to accomplish this end. And they asked that labor be given an opportunity to participate in accomplishing these ends. I believe their propositions were wholly sound.

Before there can be established a reasonable relationship between manpower and production, before the necessary decisions and steps can be taken to man the Nation's industry, several things need to be done:

(1) A determination must be made of total production program, as accurately as possible.

(2) This program must be translated into raw materials and component parts and scheduled so that materials and parts are ready when and where they are needed.

When these two things are done it will be possible to place American workers where they are most needed in the war effort, and to use them to their maximum capacities.

Just how far we are from attaining the goal of relating the allocation of work to the availability of manpower was shown by a study of the War Manpower Commission. That study showed that of a total of more than 6½ billion in war supply contracts, let between May 1 and July 31, 1942, only 12 percent went to labor surplus areas; 53.8 percent went to prospective labor shortage areas; and 28.1 percent went to current labor shortage areas. This shows clearly that little regard is being given by the contract-letting agencies to the problems of labor supply.

A particular example of what can be done to relate manpower requirements to the production job is provided by the steps that were taken in copper and other nonferrous metals. It so happens that the Labor Production Division has equipped itself with an especially competent staff in this field, and has been able to work very closely with both the unions and the affected branch of the War Production Board Materials Division. Following is a brief summary of the work that is being done in this field. It must be realized, of course, that such problems are extraordinarily complex, and that such a short document can barely scratch the surface.

The Labor Production Division participated with the Office of Price Administration and the Copper Branch in a report to the War Production Board on February 19, 1942, and called for a labor-management production drive in the copper, lead, and zinc mines to improve morale as a means of raising labor productivity. Underground mining is not a mechanized industry in the same sense as a fabricating plant which runs on prearranged schedules. There is relatively little supervision in an underground mine, and the rate of production depends largely on the human element. Hence, we emphasized the necessity of the labor-management production drive, pointing to the fact that a 1-percent increase in labor productivity would result in an annual increase of 10,000 tons of copper.

In March 1942, following a resolution passed by the War Production Board steps were taken to set up labor-management committees in the metal mining areas. On June 13, Donald Nelson formally launched the war production drive in the nonferrous metals industries by a radio address to a miners' day rally in Butte, Mont. In the meantime, the Labor Morale Section of the Services of Supply of the War Department in cooperation with the Labor Production Division, arranged for continuous publicity programs to bring home to mine workers the importance of their jobs in the war effort.

A study by this division indicated that expansion projects in copper mining alone would require approximately 4,000 new workers in 1942-43. A heavy demand for labor in aircraft and shipbuilding projects on the Pacific coast and in huge construction projects in the Rocky Mountain States developed at this time. Since the largest industries in these States, besides agriculture, are the mining, logging, and railroad industries, it became evident that these huge war construction projects might draw heavily upon the existing labor force for labor.

In view of this possibility, the Labor Production Division took steps to procure reports on labor supply and labor requirements at individual mines and made arrangements to secure data through the reporting facilities of the United States Employment Service and the Bureau of Employment Security.

The first fairly complete reports on the labor supply problem at copper, lead, and zinc mines were procured by the Bureau of Employment Security in May and reached us early in July. These reports indicated that a critical labor shortage had developed, due to an extensive outmigration of mine workers seeking more attractive jobs in war industries on the Pacific coast and in adjoining areas in the Rocky Mountain States. Reports obtained in July from individual mine operators indicate that there is a shortage of some 6,000 workers for the copper, lead, and zinc mines and mills in the Western States. Between March and August 1942 a substantial decline in total employment took place.

The production of copper for the first 6 months of 1942 was remarkably close to estimates that had been prepared in advance. However, in July 1942—a long month—production dropped 5,000 tons below that of the previous month, and from now on it will continue to fall unless the exodus of labor ceases and the supply of workers is augmented. At the same time, mines which are short of labor are transferring men from development work and from stripping overburden to actual ore development in order to keep mine output from declining. This cessation of development work will make itself evident when present ore bodies will have become depleted. Mine operators have sought to overcome the labor shortages by hiring green and partially trained workers with the result that there has been a drop in production.

The factors causing this outmigration are complex, the main one being wages. Over a number of years a significant wage differential had existed between aircraft and shipbuilding industries on the one hand, and mining industries on the other, and this gap widened with the beginning of the war effort. Other factors which are causing the outmigration are poor housing conditions in mining areas, inadequate transportation, working conditions which are deemed unsatisfactory, and the general fear of a post-war decline in the production of copper, lead, and zinc.

Since the factors responsible for the exodus reach beyond the responsibilities of the War Production Board itself and involve Government agencies dealing with wages, with housing, with transportation, with the Selective Service, with the hiring of workers for war construction projects, and with recruitment procedures, it became evident that some coordination would have to be achieved before a concerted attack on the problem could be made.

With the data on out-migration from mining areas at hand, preliminary steps were taken early in July to bring these agencies together. A meeting for this purpose was called by representatives of various branches of the War Department, the War Production Board, the War Manpower Commission, and the War Labor Board. At this meeting a report on the responsibilities of the various governmental agencies was prepared and submitted on July 8.

Meanwhile the International Union of Mine, Mill and Smelter Workers, which had shown its interest in augmenting the production of critical metals in a program presented to the Labor Production Division in December, had become extremely concerned over this out-migration of workers and its effect on production. On July 22, it presented a memorandum on the manpower problem to Wendell Lund, Director of the Labor Production Division.

In order to establish a working committee which could coordinate the activities and responsibilities of the organizations which deal with the various aspects of the manpower problem, on August 4 Mr. Lund called a meeting of representatives of the agencies which had attended the earlier meeting and also of the Office of Price Administration and of Selective Service. A week later this committee was established as a permanent working group under the chairmanship of Mr. Harry O. King, chief of the copper branch. Since then, this committee has met regularly once a week and has added to its membership representatives from the Bureau of Mines and from the Army and Navy Munitions Board.

This committee acts as a clearinghouse for information on the manpower problem and serves as a medium by which each of the agencies represented can keep abreast of the activities of the other agencies.

ACTIONS ON MANPOWER PROBLEM

Since its inception, as a result of its deliberations, the following actions on the manpower problem have been taken:

(1) A series of letters from the heads of the War Production Board, the War Manpower Commission, the War Labor Board, and the Selective Service have been prepared for distribution to operators and unions in the mining areas.

(2) Statements from General Hershey, Selective Service, and from General McSherry, War Manpower Commission, describing, respectively, procedure on deferments of miners and on recruiting facilities of the Employment Service, have been prepared and are ready for distribution to mine operators.

(3) Data on manpower aspects of the wage problem in the cases now before the War Labor Board, as well as other reports to this agency have been prepared in order to expedite their handling of this problem.

(4) General McSherry of the War Manpower Commission is taking steps to introduce training programs into the mining properties. A member of his staff is now working with the production drive crew in the western mining areas.

(5) The Interdepartmental Committee is now taking steps to see that the present working force is more fully utilized through training and upgrading of labor, by improving working and living conditions (including transportation to and from the job) by lowering age and other restrictions on hiring, and by procuring high priority ratings on mine equipment to increase labor productivity.

The War Labor Board has had some 40 wage-dispute cases before it. These cases involve properties in Nevada, Utah, and Idaho, and also smelters and refineries in other States. In view of the urgency of the problem, the War Labor Board expedited its hearings, and a decision can be expected very shortly.

Meanwhile, the War Manpower Commission had become extremely alarmed over the wide-scale out-migration which had taken place. It seemed that unless immediate action were taken to halt this movement of workers the labor shortage would grow much worse. Accordingly, it called a meeting of representatives of the mining companies and of labor, at which discussions were held on means of curtailing the out-migration of mine workers. The urgency of the problem was recognized by all the members present. An order, designed to curtail withdrawals from the industry, was drawn up with the approval of the representatives both from management and labor. This order was modeled on a plan approved by the National Labor-Management Policy Committee of the War Manpower Commission.

It is, however, recognized by all the Government agencies represented on the Interdepartmental Committee, as well as by the representatives of labor and of management who attended the meeting of the War Manpower Commission, that a mere curtailment of out-migration is not a complete solution of the problem. It is recognized that this measure in itself does not in any way meet the causes which have been responsible for this withdrawal of workers. The wage problem, the housing and transportation problem, and the unattractive working conditions still exist. Mining is an unattractive and hazardous occupation. It is not the intention of the War Manpower Commission to penalize the workers for happening to be in that occupation. From the point of view of obtaining increased production alone, it would be inadvisable to believe that this War Manpower Commission order has solved the problem. This directive may harm morale and result in a loss of production. Measures must be taken to overcome this possibility. Since the mines are now short some 6,000 workers, it is extremely important that efforts be taken to see that the working force is not only retained but augmented.

The Interdepartmental Committee on Nonferrous Metals now looks forward to a curtailment of gold-mine operations as a means of freeing manpower which could be transferred to the production of critical metals. An order to curtail gold-mining operations is now being drafted by the War Production Board.

The drive to establish labor-management production committees in mining properties has been going on all summer, and there is at this very time a field crew from the copper branch and from the Labor Production Division setting up these committees in Arizona. Representatives from the Apprenticeship Training Division and the Training-Within-Industry Division of the War Manpower Commission are on this crew and are trying to interest both labor and management in training and upgrading programs.

An approach very much similar to this is being made in the lumber industry. If this method of meeting critical manpower situations continues to prove successful in these instances, I believe that we may find it used in a number of other situations, particularly those involving critical raw materials.

Another basic manpower problem is the concentration of production. The concentration involves not only the release of facilities and of materials, but also of manpower. Therefore, all three must be a consideration in the decisions. A new Committee on Concentration, of which I am a member has just been formed in the War Production Board; and it is devoting itself to consideration of these various aspects.

LABOR-MANAGEMENT PRODUCTION COMMITTEES

The chairman of your committee has asked me to comment on the present status of the management-labor production committees. I feel that these committees have a real function on the plant level in helping adjust the available manpower to the production job of the plant.

So far over 1,300 labor-management committees have reported to Washington employing over 2,700,000 workers. Of these, some 246 are in plants producing guns and ordnance equipment, 182 in iron and steel cables, 92 in aircraft and aircraft parts, 90 in various types of synthetics, 77 in machinery, 69 in shipbuilding, 38 in engines, 20 in tanks, and 427 in various other war-materials industries, including

anthracite coal mines, copper mines, and lumber mills. These committees have equal representation from management and labor, the actual number of members depending upon the size and specific needs of the plant, mine, or mill involved. Under these top joint committees most plants have found it advisable to have specialized subcommittees, concentrating their attention on specific subjects such as suggestions, conservation of material, publicity, production efficiency, care of tools and equipment, health and welfare, etc. Over 72 percent of the workers covered in those plants reporting to drive headquarters are in establishments in which recognized unions are participating on the committees. Both the American Federation of Labor and Congress of Industrial Organizations have given active support in promoting the drive objectives.

Problems handled by the joint committees fall, roughly, within two areas. First, creating and retaining good worker morale through making the individual worker feel his part in the whole war effort and giving him a better understanding of problems facing management; and secondly, working to solve production problems through direct suggestions. Each joint labor-management committee adjusts its immediate functions to the specific problems facing its plant or industry. For example, in this period of acute material shortage the committees have served a valuable function in gathering suggestions on ways of conserving materials reducing scrap and giving sufficient explanation to workers so that morale is not completely broken through lay-offs or cuts in working hours.

To carry out their functions, committees must receive adequate information from both Government and employer on those production problems. Mr. Nelson has already indicated that the War Production Board would attempt to supply such information. Unless these committees have accurate information, they cannot hope to induce a cooperative understanding and constructive attitude toward these difficulties on the part of the workers.

Committees have also served significantly in stimulating and channeling production-efficiency suggestions, discovering new tools, improvements in equipment and lay-out, and better use of machines and material. In many situations, as a result of these activities, plants have broken all-time production records, ships have been launched weeks before contract dates, men have found ways of cutting in half the time necessary for their operation, together with important savings in the vitally needed scarce materials. In some cases absenteeism has been the greatest production bottleneck. Committees have been successful in eliminating this through special campaigns, checks, and appropriate publicity. Other committees have helped to solve the transportation problem through car pooling. Problems of manpower conservation are handled through safety campaigns, health and welfare activity and improved training programs. One of the most significant results of the drive is the close cooperation it engenders between labor and management through a better understanding of each others' problems, thus eliminating unnecessary disputes and friction.

Experience has already shown that these joint committees have an enormous potential contribution to make to our war effort through expanding production, improving morale, and providing for workers a feeling of participation in war production. In initiating this program, Mr. Nelson has provided an opportunity which, if fully developed, can make an enormous contribution to the winning of the war.

The effectiveness of these committees is measured in direct proportion to the effectiveness of labor-management relationships. At the same time that they contribute to an improvement in working relationships, their work is also dependent on the ways in which management and labor have solved the problems that mutually affect them.

In those committees that already have been established, it has been found that real acceptance of organized labor and willingness to give labor full opportunity to participate are prerequisites for gaining the maximum success from the joint production committees. Some employers have demonstrated their sincerity toward eliminating all detriments to production by guaranteeing piece-work rates for the duration, and giving out a statement that extra effort now until the end of the war will not be used as "standard performance" thereafter. Others have found that efficient handling of grievances helps to produce a willingness on the part of workers to put forth the greatest possible personal efforts.

Though these 1,300 committees have already been established, the plan must be extended to a far greater number of war production plants before its tremendous potential contribution to the war effort can be realized. Many employers have been unwilling to grasp the significance of these committees as an aid toward increasing their production. No amount of effort on the part of Government or

the union has been successful in making these executives realize the need for tapping the production reservoir of employee ideas and cooperation on production problems. This, together with the lack of full labor participation on committees in other plants, has done the most to slow down the expansion of this vitally needed program.

EFFICIENT USE OF LABOR

The third aspect of particular interest to labor is the way in which labor can be divided and utilized for the tasks that are to be done outside the armed forces. I am a profound believer, with organized labor, that we should do as much of this job of handling manpower in industries without coercion as is humanly possible. That means that every device for adjusting the labor supply through democratic and cooperative methods should be exhausted before further steps are taken. I believe deeply in labor's patriotic desire to cooperate. I feel sure that every American worker will do the job he is asked to do. In order to accomplish this, we must be sure what we want, so that we can tell our needs clearly and directly to every American worker in terms of what we expect him as an individual to do.

One of the big obstacles to the efficient use of our manpower has been the continued existence of habits of mind in management which grew up in the days when there was extensive unemployment in the country. This meant that labor could be used wastefully, that discrimination could be exercised against minorities, against older workers, and against women. It meant that training and upgrading programs were largely unnecessary. These undesirable indulgences by management are no longer possible. They must be eliminated forthwith. This I regard, in concert with labor, to be one of the first obligations of the War Manpower Commission.

The basic necessity for any manpower program is the machinery of a highly efficient national system of employment offices. Our own system of employment offices is most greatly handicapped by lack of appropriations and by restrictions placed upon its operations by Congress. I would most strongly urge this committee to consider recommending to the Appropriations Committee of the House immediate increases in the funds available for the operation of the Employment Service, the appropriation of money for transporting workers to the places where they are needed, and the wiping out of restrictions on the administration of the Employment Service staff. I feel certain that you will find strong support from both organized labor and management for such steps. As long as the Employment Service remains so crippled, it is impossible for the War Manpower Commission to carry out the functions necessary to our Nation's productive effort.

I would call the committee's attention to the excellent work of the War Manpower Commission's Management-Labor Policy Committee. My own opinion is that it has made an outstanding contribution not only to manpower policies, but to the technique of providing Government with the constructive viewpoint of both labor and management. Both of these groups have the greatest stake in the operation of a manpower program and only their willing cooperation can make it a success. I think the committee would do well to follow with closest attention the experience of the Manpower Commission in utilizing joint labor-management committees on both the regional and local level where they will soon be in operation. The experience of the national committee has indicated that both labor and management, when given a place in the determination of policy with Government, exercise close devotion to the national interest without partisanship or self-seeking. These men have informed themselves most carefully on the issues, and have devoted extensive time from their very urgent business to this work for the public welfare. One of the management members faithfully commutes each week from the Pacific coast to Washington to meet with this committee.

These men are not unusual men in their devotion to the war effort. Their spirit lends strength to my conviction that the great and pressing problems of production and manpower can be solved in the American way with labor and industry standing together to do the job we have determined to do. It is Government's urgent responsibility to create the mechanisms through which this common aim can be accomplished.

Mr. CURTIS. You have a portion of your testimony that you wish to read at this time?

Mr. LUND. Yes, Congressman.

Mr. CURTIS. You may proceed.

SUPPLEMENTAL STATEMENT BY WENDELL LUND, DIRECTOR,
LABOR PRODUCTION DIVISION, WAR PRODUCTION BOARD,
WASHINGTON, D. C.

Mr. LUND (reading):

In addition to my prepared statement, I should like to discuss briefly with your committee in an informal way some of the problems raised in my mind by Governor McNutt's forthright and comprehensive statement given yesterday morning. I wish to say in regard to Mr. McNutt's testimony that I want to corroborate it and endorse some of the things he said and, on the other hand, make one or two points that he did not make.

I am sure that we have all realized the tremendous task which faces the War Manpower Commission, and if we were not already completely aware of it, Governor McNutt's remarks must have made us all especially conscious of the terrific strain to which our manpower resources will be subjected in the coming months. It is the job of Government to allocate our limited manpower resources so as best to keep our military and production programs in balance. It is equally important for all agencies of Government to cooperate with the War Manpower Commission to the utmost by holding labor requirements down. We must take every vigorous step which may be necessary to reduce this strain upon our reserves of labor.

This job of holding down our requirements cannot be done by Governor McNutt alone, though I believe he can play an important part. His customers, to speak colloquially, must cooperate with him. And I should like to submit for the consideration of your committee a few of the steps which, in the opinion of organized labor and of those of us who have been working closely with labor, could be taken to relieve some of the pressure on manpower.

EFFECTIVE PROCUREMENT POLICY REQUIRED

First, It is vitally important for us to have a clear and effective procurement policy which recognizes the absolute necessity of distributing war-supply contracts so as to utilize all of our untapped or partially tapped manpower supply. We see, for instance, the great city of New York, with a half million idle and capable workers, rapidly becoming the number-one ghost city of this war while other communities are so choked with war work that boarding houses are operating on a three-shift basis. On the one hand housing, transportation, and community facilities are idle or only partially used in some of these communities, while in others we are expending precious critical materials to build new dwellings, new sewers, new schoolhouses, and new busses to care for migrant workers.

This problem is serious not merely because of the social and economic dislocations which occur as a result of inadequate procurement policies. Even if we disregarded all the human factors involved, the fact would still remain that we are wasting scarce natural resources because of our failure adequately to plan the distribution of our gigantic war-supply program.

This in particular should interest your committee, which has done such valuable work in investigating the migration of workers. No single factor contributes so largely to the unnecessary and wasteful migration of war workers as the lack of a planned procurement policy.

UNEVEN DISTRIBUTION OF WAR CONTRACTS

Some of the details of this situation are set forth in my prepared statement to which this is a supplement, but I should like to emphasize these facts again. The War Manpower Commission has recently surveyed the distribution of war contracts in relation to our total supply of manpower, and some of the conclusions which it has drawn are startling and disturbing. The Commission surveyed the distribution of more than \$6,500,000 in war contracts let between May 1 and July 31, 1942. Of those contracts 28.1 percent of the dollar volume was put in areas where labor shortages now exist, and 58.8 percent to areas where shortages are anticipated. Only 12 percent—that is to say less than one-eighth of the total volume—was placed in areas containing a surplus of manpower.

Mr. CURTIS. May I ask you a question at that point?

Mr. LUND. Yes, sir.

Mr. CURTIS. How much of the 58.8 percent and 28.1 percent was placed there because the tools and equipment were located there?

Mr. LUND. A fairly good proportion, Congressman.

Mr. CURTIS. You have to send the contracts to the factories that have the tools and equipment, is that not true?

Mr. LUND. That is true, although we have expanded some facilities in tight labor-market areas instead of putting production where facilities already exist.

Mr. CURTIS. I will not argue that. I have been fighting for the decentralization of the defense program. Every reason under the sun points to the fact that it should not be in one spot.

Mr. LUND. We have these tremendous unutilized facilities in New York City, for example, and a good many other areas. We have just begun to concentrate civilian production. That might have been started earlier and facilities might have been released in various parts of the country where we have housing and transportation and community facilities, so we would not have to create this tremendous movement of people.

Mr. CURTIS. You may proceed.

Mr. LUND (continuing):

We find large orders for textiles, for instance, flowing into such critical areas as Seattle, Detroit, and Baltimore.

Organized labor, speaking both through the Labor Policy Committee of the War Production Board and the Labor-Management Policy Committee of the War Manpower Commission, has repeatedly urged the imperative necessity of an adequate procurement policy. I should like to see a vigorous, powerful procurement policy board and I think an experienced representative of labor could render real service on such a board.

If the other agencies of Government are to give to Governor McNutt and the Manpower Commission the kind of assistance and cooperation to which they are entitled, something must be done and done quickly to bring procurement under control. We can no longer afford to see the skilled needle-trades workers of New York City walking the streets while Mexicans are imported for agricultural labor in the Southwest to take the places of workers drained off the farms to make pants for the Army.

ACCELERATING LABOR'S PRODUCTIVITY

Second. We must take account of and do everything possible to accelerate the increasing productivity of our existing labor supply. We have always known that American labor was the most efficient in the world and it is upon the basis of this knowledge that we have summarized our whole experience and policy in the slogan for this Labor Day which has just passed—"Free Labor Will Win."

Most of you are familiar, I am sure, with the fact that when we commenced our merchant shipbuilding program it was estimated that 700,000 man-hours of labor were required to complete the single merchant ship. Today that requirement has been reduced to a little more than 400,000 man-hours per hull and it is falling every month. Similarly, one of our bombers was originally estimated to require 75,000 man-hours of work. Now we have it down to 18,000 and expect it to go still lower.

The patriotism and skill and energy of American labor have already worked miracles on the production line; and these miracles will not stop, but rather multiply. This astounding record of efficiency and productivity that American labor has established must be taken into account more fully in our future estimates of manpower requirements.

I think that is one thing we have often failed to do. We see these colossal figures of manpower requirements, and they are based upon a rate of productivity that antedates the figures by 6 months or a year and does not take into consideration the possibility of a progressively increasing production.

My own experience in Michigan has indicated that such estimates, often based upon the individual guesses of particular employers, are apt to furnish a somewhat distorted and exaggerated picture. We all know of one large and experienced employer in Michigan who first estimated that one of his great new plants would require 110,000 workers. Then he reduced his estimate to 90,000, then to 70,000, and now we are told he will require only some 50,000 workers.

In my opinion, we shall find it necessary in the future to revise downward our estimates of these requirements.

Furthermore, we must frankly face the fact that a substantial number of our war plants are overmanned. It is natural in a period of expanding employment and impending labor scarcity for employers to hoard labor just as they want to hoard materials. Reports which I have received, from officials of the War Manpower Commission, from our own people in the field, and from my own personal observations would indicate that a substantial saving in our manpower requirements can be affected if we institute the same sort of inventory controls in the labor market that we have instituted and are instituting with respect to critical raw materials.

LABOR UTILIZATION INSPECTORS

This, in my opinion, means that it will be necessary for the War Manpower Commission to place in all important war plants labor-utilization inspectors, by whatever name they may be called. These inspectors should be given authority to see that labor is efficiently utilized, at maximum skills. Governor McNutt suggested this yesterday, and I recall that the fifth interim report of your committee has also pointed out the desirability of this step. I concur most heartily, and I am urging the War Manpower Commission to take immediate steps in this direction.

An adequate and vigorous system of labor-utilization inspectors should be geared closely with the labor-management production committees in the plants. Experience has shown that nobody is so efficient at increasing the efficiency of labor as labor itself. The labor-management committee is the tested mechanism for affording labor a channel and an opportunity to make its distinctive contribution to the increase of efficiency and effective utilization of our manpower resources.

The labor-utilization inspector and the labor-management production committee should take an active part in the promotion of programs and plans for training and upgrading unskilled and semiskilled workers into skilled occupations, and for breaking down complicated jobs into simpler and more easily manned occupations. Up to the present time, we have relied upon the voluntary acceptance of training and upgrading programs by employers. We can no longer, in my opinion, rely only upon persuasion. Our resources are growing too scarce and our needs too great.

Those methods of labor-utilization which have proved so successful in great sections of the shipbuilding industry, for instance, should be extended to the entire industry, and all Government contractors should immediately be required, as part of their obligation, to conduct efficient operations, to utilize the accepted and proved training practices developed so successfully by the Training-Within-Industry Division of the War Manpower Commission.

UTILIZATION OF MINORITY GROUPS

Third. We must not permit prejudice and caprice to deprive our war effort of the services of a single qualified worker. We have in this country thousands of Negroes, foreign-born Americans, and loyal alien residents. All of them are for the most part capable of carrying their load on the production line. They are ready and anxious to serve. They and their families cannot understand why they should not be permitted to render this service. Likewise, those of us who know of the critical manpower shortage which prevails in many areas cannot understand or condone the waste of this irreplaceable resource. Up to now, we have not licked this problem. In my opinion, we must fight it through without appeasement or compromise.

We are all agreed with the President's excellent policy which forbids discrimination against any worker or prospective worker on account of his race, creed, or national origin. Our real job is to enforce and effectuate this policy. The President's Committee on Fair Employment Practice has done a magnificent job of education, and in pointing the light toward those black spots where the President's policy is openly or secretly defied. We must, however, supplement the work of the President's Committee in the day-to-day placement of idle workers throughout our great war industries. In other words, we must expect the United States Employment Service to carry a heavy responsibility in the enforcement of the President's antidiscrimination policy. The Employment Service is not, in my opinion, able to meet this responsibility today. From my own experience, I can say that in many cases the local officials who are called upon to deal with these

problems are too often subject to the powerful pressure of local prejudice and local political influence. The power of this pressure is increased by the legislative restrictions which the Congress has laid upon the operation of our newly federalized Employment Service. I agree thoroughly with Governor McNutt and Mr. Corson as to the immediate necessity of striking these shackles from the Employment Service and providing it with adequate funds so that capable, vigorous, and able personnel may be obtained. If this is done, it is my opinion that under the able direction of Mr. Corson and Governor McNutt the Service will be in a position to obtain the acceptance of these basic manpower policies, and thus to secure the utilization of labor resources which are now wasted.

PROPER SCHEDULING OF MATERIAL FLOW REQUIRED

Fourth, the War Production Board, through its control over the armed services, should make certain that we do not lose valuable manpower through the inadequate scheduling of production and through lack of control over the flow of raw materials. Nothing is so demoralizing to the morale of our labor force as shut-downs and slow-downs caused by the failure of Government agencies to see that our raw materials are put in the proper places at the proper times and for proper purposes.

Recently representatives of leading international unions in both the Congress of Industrial Organizations and the American Federation of Labor met to discuss this problem at the invitation of our Labor Production Division. This conference was called at the suggestion of our Labor Policy Committee and, as a result, a number of suggestions were submitted to the War Production Board. These labor organizations expressed most vigorously their opinion that the War Production Board should immediately institute a program for scheduling not only the flow of raw materials, but the production of component items and finished end products so as to achieve not only a maximum utilization of our limited supply of critical materials but a maximum and uninterrupted use of our manpower resources.

Mr. CURTIS (interposing). Now, I want to ask you a question right there, if I may. Everybody knows when they haven't got material they cannot run a factory.

We often read in the paper about them stopping, and they ask why don't they have that material. Of course, we all agree that we have got to get somebody to see that they get the material. Why don't they get the material?

Mr. LUND. I would say that they do not get the material for the following reasons: First, we probably have not sufficiently stressed the raw-materials aspect of our program. Secondly, there has been an inadequate scheduling of the raw materials going into the plants and of the semifabricated and fabricated materials into articles that become component parts. We have permitted some of the items to get far ahead of other items and therefore they use up materials that should not be used perhaps for 3 to 6 months later. Our program, as Mr. Nelson puts it, has gotten out of balance.

Mr. CURTIS. Have you got any specific cases? I do not know whether it is true or not, but you hear accounts where airplanes are all completed except they are waiting for a propeller, or something like that.

Mr. LUND. That is right.

Mr. CURTIS. Who is to blame? What is wrong?

Mr. LUND. Well, I should hesitate, Mr. Congressman, to fix blame. I will tell you what I think may be wrong: There is certainly inadequate or improper scheduling, or things like that would not happen.

Mr. CURTIS. Evidently.

Mr. LUND. The two things are tied in together. Somewhere along the line the folks that are working with this thing have not done a satisfactory job of scheduling this production, because if we did, taking into account the time, these items should have been ready to

take their place with other items in a finished product. Under a complete plan, let us say, we would not have that situation. It may be that, under the circumstances, a better job just could not have been done. Another factor in the situation is the ever-changing requirements because of changes in military strategy.

Mr. CURTIS. It probably will be helpful to have somebody get together and talk about it, but I think somebody is going to have to be specific to find out where and how and when and why somebody failed.

Mr. LUND. That is right.

Mr. CURTIS. But those things happen.

Mr. LUND. That is right. That ought to be done, certainly, through a field force. The services have got men in many of the plants and they certainly report to the services, and we have our men out. Properly organized, they could be one part of the machinery for furnishing information needed for adequate scheduling of production. I understand the reason, Mr. Congressman, that it was not done, is that there was such eagerness to get maximum production of all articles in all lines that the balance between them was not taken sufficiently into account.

Mr. CURTIS. If we take the War Manpower Commission and give it a service act, or anything it wants, it still will not have jurisdiction of that problem?

Mr. LUND. No. That is essentially, I would say, the War Production Board's job.

Mr. CURTIS. That would go to the materialmen, to work it out?

Mr. LUND. Yes.

Mr. CURTIS. It is one of our major causes of loss of utilization of labor.

Mr. LUND. That is right, but it is a materials problem and belongs in the War Production Board and services.

Mr. CURTIS. You may proceed.

Mr. LUND (continuing)—

I concur most heartily in these suggestions, and the War Production Board is now at work to set up such a scheduling system.

UNEMPLOYMENT BENEFITS FOR DISPLACED WORKERS

It is clear, however, that we are not yet able to schedule our production program tightly enough to prevent some operations from lagging and creating unemployment.

No decent manpower program can overlook measures for taking care of the workers thus unemployed. In the first place, purely from the point of view of morale, some adequate provision for benefits must be made for such workers and their families. Secondly, we cannot hope to keep these workers where we need them unless they have the means to keep body and soul together until work is available. I would, therefore, strongly urge upon the committee the immediate necessity of instituting a special unemployment benefit program for workers thrown out of jobs because of material shortages or plant change-overs. Such benefits should not be less than two-thirds of the regular pay, exclusive of overtime. I think we look on it as a loss, although that is important from the humanitarian point of view or from the practical point of view of having labor supply there when we need it—

Mr. CURTIS (interposing). Would you do that regardless of the inability to get jobs for civilian enterprises?

Mr. LUND. No, sir. If some of them could, for a period of, let us say, 3 months, while our conversion was going on, get a job in civilian

industry in that immediate locality so as to make themselves available for war work when the plant is converted, I think they ought to get that job, by all means. It seems to me, if properly administered, this fund would not be a deterrent to their finding jobs for the conversion period. I found, when I was director of the unemployment compensation commission of Michigan, that all of these incidents that one was supposed to know about—cases where men would rather take unemployment compensation than to work—were invariably unsubstantiated. A man would sooner make three-thirds than two-thirds of his pay.

Mr. CURTIS. When would you start that? Just as soon as they were out of work?

Mr. LUND. Immediately.

Mr. CURTIS. Would you proceed on the theory that the individual should not look out for himself at all?

Mr. LUND. No; I would not. I would encourage him to get employment in civilian industry, but I would want him there when the plant is converted.

Mr. CURTIS. I thought that was the thing you wanted to avoid. Instead of having him there resting on his oars, you wanted him in a factory working for the war effort.

Mr. LUND. Congressman, that is all right if he can work in the immediate locality, let us say, or if he can be transported somewhere, moved somewhere where he is going to be needed immediately for any productive work. What we would find is that a lot of these people would leave for a few weeks or a few months and then they would be needed back there again, needed back where they came from.

Mr. CURTIS. You are criticizing the employer for hoarding the workers?

Mr. LUND. Yes.

Mr. CURTIS. Then, you just want to take them outside of the factory and hoard them outside.

Mr. LUND. No; not at all, Congressman. We call that a planned reservoir of workers for a particular purpose in a particular community. What we are trying to avoid is the needless migration of these families when they ought to stay where they are because in the rather immediate future they could be in war production there.

Mr. CURTIS. If I understood all the witnesses who have appeared so far, that is the thing you do not want, people waiting around, not turning their labor into war production while plants were being converted and while you were waiting for materials.

Mr. LUND. My position is somewhat different, Congressman, than theirs. If they are needed elsewhere, let us say on a war production job for a continuous period, and can, profitably to the program, make that shift to this other job, I would probably be thoroughly in favor of their going. That is not always the case, however. It is frequently advantageous to keep men where they are for a couple of weeks so they will be available when the plant is ready for them.

Mr. CURTIS. That is what they are criticizing the employers about. We had witness after witness throw up his hands and say, "Why, they are hoarding labor; they are holding a man until they can use him next Tuesday."

Mr. LUND. I do not see any necessary inconsistency there. You see, Congressman, many of these employers hoard employees for a

very improbable future use. If an employer were to keep an employee that he did not need for a month or two in a locality where that employee has his home, frankly I do not see anything wrong with that, unless there is a labor shortage there. If the fellow could be used in the next plant just as profitably, the employer ought not to hoard him. In my view, if that fellow could get a job in the next plant, we certainly would not want him paid anything for remaining idle. It is when he would have to go, let us say, to a community 500 miles distant, or even 100 miles distant, or 200 miles distant, though it might be a good deal more, and then he would be needed a month later in the same locality in which he was living, where he was displaced, where he lost his job, it would seem to me it is only using good judgment to keep him there.

Mr. CURTIS. The only difference I can see in your proposal and the employer hoarding him is that you would pay him two-thirds of his salary out of the unemployment fund.

Mr. LUND. On the other hand, the employer pays him his full salary.

Mr. CURTIS. Then, he would be doing something.

Mr. LUND. I think there is more real justification than that.

Dr. LAMB. May I ask a question?

Mr. CURTIS. Yes, go ahead.

Dr. LAMB. I do not want to prolong this discussion because of the number of prepared questions that you will be asked, and the necessity of getting on.

Mr. LUND. Yes.

Dr. LAMB. Does not your proposal run along the lines of the one made a year ago which resulted in the fiasco of the \$300,000,000 appropriation?

Mr. LUND. Yes, somewhat, though the administration of it would be different.

Dr. LAMB. Is it not possible that they ran into trouble because it was not connected with a plan for full utilization of labor but was a form of hoarding, or whatever you please to call it, on the part of the Government?

Mr. LUND. Of course, I think that plan ran into trouble not for any rational reasons at all, but because certain State unemployment compensation administrators and Governors were afraid of nationalization of unemployment compensation.

Dr. LAMB. I agree with that, Mr. Lund; but I still think those are just as important factors and have to be taken into consideration as completely as these other considerations, and what is more, there was a certain illogicality about the proposal.

Mr. LUND. I think it requires very careful planning, and there would have to be safeguards against abuse.

Dr. LAMB. Does it not require more than planning?

Is not one of the fundamental lacks of the thing the absence, for instance, of any connection with a training program, and is not the training program the real key to this arrangement? If—instead of attempting to increase unemployment compensation in order to give these workers a somewhat larger sum of money under unemployment compensation, still subsidizing them while not working—you were directing their energies toward getting into a job, and you knew what

the job was going to be, and you had the plans made for the forthcoming production, would not you be much further ahead of the game and more likely to get congressional support for your proposal?

Mr. LUND. Doubtless. Remember this proposal of mine addresses itself to two aspects of the problem: One is the aspect wherein an employee is out of work because his plant is being converted; in the second he is out of work because of a slow-down or shut-down of the plant due to a temporary shortage of raw materials. Really, I think that that is the more important of the two.

Mr. CURTIS. Do I understand you that you are recommending that the moment some worker is out of a job because they are waiting for materials you would pay him two-thirds of his salary?

Mr. LUND. Yes, sir; he is a casualty of the war through no fault of his own, and it seems to me it is important and contributes to the man's morale and also important to hold him there, available, let us say 2 weeks later or a month later, when the plant takes up again.

Dr. LAMB. In other words, you would consider it is a penalty upon the Federal Government for the failure to plan?

Mr. LUND. Exactly.

Dr. LAMB. It is unfortunate, in carrying that out, that there is not some manner of assessing the others responsible for that failure so that they would make some contribution.

Mr. CURTIS. The people are going to be amply assessed; but, to be concrete, they have a war worker, let us say, drawing \$100 a week—

Mr. LUND. Yes.

Mr. CURTIS. If he has a temporary shut-down, you would start paying him from the first day \$66.66?

Mr. LUND. Per week?

Mr. CURTIS. Per week.

Mr. LUND. Yes, sir; if that is two-thirds of his income exclusive of overtime.

Mr. CURTIS. Now, when the war is over, would you continue that?

Mr. LUND. That is, of course, another problem. I think, however, we might well be preparing ourselves for that eventuality when the war is over by improving our unemployment compensation set-ups in the various States. I am not prepared to make a statement as to how far I would go at the conclusion of the war. It is very probable that that employee and many of the rest of us may take quite a licking when the war is over. I think, however, we want to avoid any immediate deflationary trend, and it may very well be better to pay him considerably more than what he would be getting in most States at the end of the war. In the average State he would wait a couple of weeks, then would get \$15 or \$16 a week in unemployment compensation instead of the much larger amount he was earning.

I do not necessarily say a worker who is laid off should get \$66.66 a week; but I think he should be kept right there for a month or 6 weeks at at least two-thirds of his earnings exclusive of overtime. Among other things I think probably that would be quite a spur on the company to plan its work better and even on, say, the Federal officials and others to schedule the operation more efficiently.

Mr. CURTIS. I think we better go on with your statement. It is quite convincing.

Mr. LUND [continuing]—

In conclusion, I should like to emphasize my belief that we should not wait for sweeping legislation to set about this tremendous manpower job which faces us today. Labor has no cantankerous or theoretical views as to the necessity of legislation in this field, nor do I. I am for whatever is necessary, and it may well be true that if we are to finish the task, it will be necessary to embody in legislation those principles of manpower mobilization which have been tested and proved by practical experience. But, if our legislation is to be soundly conceived, and our operation of the legislation is to be effective, we must be getting that experience now.

There already exists a powerful weapon in the hands of our Government with which to institute a large measure of the necessary labor-market controls. Through their power to direct the hiring practices of Government contractors, the various agencies could, without legislation, compel the institution of labor-market controls by the United States Employment Service. Whether the Manpower Commission, under its Executive order, possesses the power to institute these controls is a legal issue which I shall not undertake to resolve. But the fact is that the power does now exist somewhere and I am sure that if there is any doubt as to whether Governor McNutt possesses it, the President would be quite willing to give it to him.

I should like to emphasize also the necessity, whether under legislation or under an administrative program, for securing adequate participation by labor and management both in the formulation of manpower policies and the administration of our manpower program. Many of our most constructive and effective suggestions for the solution of manpower problems have come from the ranks of organized labor. I should particularly like to refer to the extraordinary assistance given to the Government by the International Union of Mine, Mill, and Smelter Workers in the solution of the vexing labor shortage in nonferrous-metal mines—a contribution referred to at some length in my prepared statement.

Incidentally, I attended their convention on Tuesday in Denver and found them working most wholeheartedly and constructively on manpower problems, and patriotically, I will say, too, on manpower problems in that industry.

All along the line we must rely, here under legislation, upon the cooperation of labor and management. We may at some future time substitute compulsion for our present voluntary program, but these sanctions will not work unless they are accepted by labor and by management and they cannot succeed unless every provision is made for the fullest participation at every level.

With this participation, with increased cooperation on the part of those Government agencies which have it within their power to reduce our manpower demands, thereby easing the tremendous task of the Manpower Commission, and with the immediate commencement of a vigorous manpower program, without waiting for legislation I believe that we can solve this problem, and with its solution hasten measurably the day of ultimate victory.

TESTIMONY OF WENDELL LUND—Resumed

Mr. CURTIS. All right, Mr. Lund. I will try not to omit anything vital in our prepared questions. There is one thing I want to ask you before I go to the questions.

Within the War Production Board, you have your agency, the Labor Production Division, do you not?

Mr. LUND. Correct.

Mr. CURTIS. What is the war production drive? What is that?

WAR PRODUCTION DRIVE

Mr. LUND. The war production drive is a project instituted last spring by Mr. Nelson which provides for the setting up of so-called labor-management production committees in the various war-production plants throughout the country. Those committees, as the name indicates, are made up of representatives of labor and of management, and they address themselves to problems of war production.

Mr. CURTIS. All right. Who heads that?

Mr. LUND. Presently, there is some confusion as to the authority for the operation of the war production drive between the so-called war production drive headquarters and the Division of which I am director. It is in the process now of being resolved.

Mr. CURTIS. Another question. The Army has a Civilian Personnel Division in the Services of Supply headed by Mr. Mitchell, does it not?

Mr. LUND. Yes, sir.

Mr. CURTIS. Does the Navy have anything of that sort?

Mr. LUND. No; I do not believe the Navy has a manpower section. None has come to my attention.

Mr. CURTIS. Now, of this war production drive and your agency, the Labor Production Division, and the War Manpower Commission, which one is the newer agency?

Mr. LUND. The War Manpower Commission and the Labor Production Division were established by the same executive order.

Mr. CURTIS. I understood Governor McNutt yesterday to say that originally he thought the War Manpower Commission was a policy-making board, they would have practically no personnel, but he has changed his mind and it is going to be an operating agency, setting up 12 regional offices, a couple of hundred area offices, and they have their staffs, and they are going to run these labor inspectors, and so on. Where does that leave your agency and this war-production drive? Is there any need for them?

Mr. LUND. Yes, I would certainly say so. The War Manpower Commission will not do anything with the war production drive *per se*. It will certainly want to tie in with these labor-management committees. I should say the war production drive committees are on the plant level, and manpower problems are a problem incidental to production, but there are many others, too, for example, improvement of production techniques, to which they devote themselves at their meetings. These workers contribute numerous ideas as to better processes for doing things and so forth. They help solve absenteeism, transportation, and other problems.

Mr. CURTIS. You recommend the continuation of all three agencies then?

Mr. LUND. Let us see. The three being what?

Mr. CURTIS. Your own, the Labor Production Division—

Mr. LUND. The Civilian Section of the Army.

Mr. CURTIS. The war production drive, and at the same time the War Manpower Commission has a huge operating organization.

Mr. LUND. I probably should clarify this point. The conduct of the war production drive is one of the main functions of the Labor Production Division. The war production drive headquarters is only in charge of the publicity side of it.

Mr. CURTIS. You recommend the retaining of all three?

Mr. LUND. By all means, sir, because I think each has a different and distinctive and important function.

Mr. CURTIS. You recommend the continuation of Mr. Mitchell's division?

Mr. LUND. I do not have any comment to make on that, because I do not fully understand their operation there and how it fits in with the war manpower question.

CONCENTRATION OF PRODUCTION

Mr. CURTIS. What do you mean by "concentration"?

Mr. LUND. Concentration is a method of putting civilian production in certain plants so as to keep them busy on what is more nearly a full-time basis, rather than to have that civilian production scattered in a large number of plants that are working on a part-time basis.

Mr. CURTIS. To illustrate, to mean if you have got 10 factories that make typewriters, instead of letting them all make 10 percent that you would have one make them all?

Mr. LUND. Or two, that is right.

Mr. CURTIS. Do you have any trouble with the companies?

Mr. LUND. Yes; we have some trouble with the companies. Obviously, they all would like to continue to make typewriters.

Mr. CURTIS. How do you go about deciding which factory receives the concentration of work in that line, and which will you convert?

Mr. LUND. We will apply certain criteria, Mr. Congressman.

Mr. CURTIS. Tell us about that.

Mr. LUND. One of them is, which of these plants now making typewriters, let us say, can be the most readily, completely and effectively converted into war production. Secondly, which of them is located in a tight labor area and which of them is located in a loose labor area. The application of that criteria would be that you would permit those plants, or that plant, to continue making typewriters that is located in a loose labor area. A third factor is transportation; and the fourth factor might well be power, and conceivably the fifth factor might be housing.

Mr. CURTIS. Who should make the decision?

Mr. LUND. We have a committee on concentration made up by Mr. Nelson for the purpose. I am a member of that committee.

Mr. CURTIS. You can enforce it by withholding material, can you not?

Mr. LUND. Yes; it is very easily enforced.

Mr. CURTIS. In reference to the typewriters, if you have not covered it all, tell us, step by step, what you did in that regard.

Mr. LUND. I have with me Mr. Norgren from my staff; I should have introduced him. I wonder if he could come up here and tell you about that? He can do a much better job than I can.

Mr. CURTIS. You might show, Mr. Reporter, that the chairman has arrived at this meeting.

TESTIMONY OF PAUL H. NORGREN, ACTING CHIEF, INDUSTRY CONSULTANT BRANCH, LABOR PRODUCTION DIVISION, WAR PRODUCTION BOARD, WASHINGTON, D. C.

Mr. CURTIS. Mr. Norgren, do you want to briefly state the concentration of the typewriter set-up? If we crowd you too much for time, you can submit it in the printed record, but, briefly, I would like to have you cover it.

Mr. NORGREN. The procedure in typewriters was that our Division, our branch of the Labor Production Division, conceived that the concentration of typewriters was a desirable thing. It was determined first and agreed on by the various sectors of the War Production

Board that only a very small production of new typewriters was necessary for the duration of the war. The branch that has line jurisdiction over typewriters, the Services branch, did not appear to be too anxious to push the matter of getting the typewriter production concentrated, so our people who were acting as consultants to that branch decided to take the initiative. They studied the productive capacity of the various companies in the industry and came to the conclusion that it would only be necessary to keep one small plant operating out of the six or eight—I have forgotten the number of total plants. The process from then on was simply a matter of obtaining the concurrence of the various sectors and persons within the War Production Board to procure the issuance of a limitation order, or rather a concentration order, which is a type of limitation order to order that type of concentration.

I do not believe there is any point in going into the details of how that was done, but the end result was that a limitation order was issued.

Mr. CURTIS. What company got the concentrated typewriter business?

Mr. NORGREN. The Woodstock Company.

Mr. CURTIS. That will be the only company that will make typewriters?

Mr. NORGREN. That will be the only company that will make new typewriters.

OTHER CONCENTRATION ORDERS

Mr. CURTIS. Have you tried this with the farm equipment business?

Mr. NORGREN. That is in the process of being worked out now.

Mr. CURTIS. Did you have any success?

Mr. NORGREN. It has not been decided yet. The concentration committee of which Mr. Lund spoke has only begun to function officially for the past few weeks.

Mr. CURTIS. There you find a different problem. There are so many different farm machines. After all, the typewriters are more or less alike.

Mr. NORGREN. That is right. That is one of the serious complicating factors. The future requirements of new farm equipment are another complicated factor.

Mr. CURTIS. What would you say is retarding the concentration of these industries?

Mr. NORGREN. Right at the present time, I would say it is the general problem of securing the concurrence of a relatively large number of branches and committees within the War Production Board on a feasible, workable and acceptable plan.

Mr. CURTIS. Have any of the industries so far concentrated or been concentrated in the tight labor market?

Mr. NORGREN. There is a stove concentration order that covers what is called the cooking-appliance industry that I think can be called a concentration order, emphasizing the concentration of stove production, cooking-appliance production, in loose labor-market areas.

Mr. LUND. I think you were asked about tight labor-market areas.

Mr. NORGREN. That goes also there. I mean it is a concentration of production, to a very considerable extent, out of tight labor areas.

Mr. CURTIS. How about the bicycle industry?

Mr. NORGREN. The bicycle case is definitely not that type of case. It is more nearly the opposite, although I would not say entirely.

Mr. CURTIS. Opposite of the stove industry?

Mr. NORGREN. It happens to have come out so that the two companies selected have continued production of, in this case, combat bicycles for the Army and both are in areas of impending labor shortage.

TESTIMONY OF WENDELL LUND—Resumed

Mr. CURTIS. Has the War Manpower Commission taken any part in the discussions leading to the orders to concentrate these industries?

Mr. LUND. There is a plan being worked out now for very close cooperation between this committee and the War Manpower Commission. The War Manpower Commission will assign a consultant to the Concentration Committee to represent the interests of the War Manpower Commission. I have discussed that with Governor McNutt, and he has named a man to work with the Concentration Committee.

Mr. CURTIS. It is our understanding that Directive 2 has opened up the question of integration of production and manpower planning. We understand that a Manpower Priorities Branch has been set up in W. P. B. with plans for regional offices and labor-utilization inspectors. Why was this branch set up outside of the Labor Production Division?

Mr. LUND. I think in order to tie it in very closely with the planning for the use of raw materials, which is done under the vice chairman, Mr. Knowlson, and this Manpower Priorities Section was placed under Mr. Knowlson also.

Mr. BENDER. Where did this directive come from?

Mr. LUND. The directive came from the War Manpower Commission, sir, which has issued a number of directives.

Mr. CURTIS. Could your Division perform the functions of this Manpower Priorities Branch?

Mr. LUND. I would say, given the personnel to do it, it probably could, although I think there is a lot of propriety in the present arrangement because of the close relationship between materials and manpower priorities.

Mr. CURTIS. I believe you stated your connection with the War Production drive is that you carry out what they decide.

Mr. LUND. No; as far as the actual operation of the committees is concerned, we run the drive.

Mr. CURTIS. Why has the responsibility for guiding the labor-management production committees not been placed in the Labor Division?

Mr. LUND. I am puzzled about that myself, sir.

Mr. CURTIS. Do you think there is a little hoarding of talent going on in the W. P. B?

Mr. LUND. I do not know whether it is that, Congressman, or just a difference of opinion as to where the drive should be.

Mr. CURTIS. Dr. Lamb has a question or two.

FUNCTIONS OF LABOR PRIORITIES COMMITTEE

Dr. LAMB. I would like to go back to the previous question and ask whether it is not true that the people now employed in your agency were not called in the Labor Division and subsequently responsible for much of the work now being done by the Labor Priorities Committee?

Mr. LUND. Yes.

Dr. LAMB. So that, in effect, the Labor Priorities Committee has superseded, let us say, the Labor Division in these matters?

Mr. LUND. Well, in those particular matters I would say possibly to an extent, Dr. Lamb. Probably those matters were never as fully developed as they should have been.

Dr. LAMB. But insofar as they were, you people were carrying them on?

Mr. LUND. Yes. I think you will remember, as a matter of history, the work on manpower was performed by the old Labor Division and then certain responsibilities of the Labor Division were transferred to the War Manpower Commission.

Dr. LAMB. But not to the War Production Board in some other branch.

Mr. LUND. That is true.

Dr. LAMB. These functions are now being carried on by the War Production Board outside of your organization?

Mr. LUND. That is correct.

Mr. CURTIS. In regard to labor utilization inspectors, what relationship should they have to the management-labor production committees?

Mr. LUND. I should say, Mr. Congressman, they ought to work most closely with them, because these labor-management committees will know very well what is going on in the plant in the way of utilization of labor.

Mr. CURTIS. According to your statement, the Labor Production Division is designed to insure labor participation in the War Production Board?

Mr. LUND. That is right.

Mr. CURTIS. Do you consider this participation is adequate?

Mr. LUND. No, sir; I do not, and have repeatedly stated so. Organized labor does not consider its participation adequate. We do not, in our division. We think labor ought to have a greater voice in policy determination and also in operations.

Mr. CURTIS. What functions of the Labor Division have been transferred already to the War Manpower Commission?

Mr. LUND. The function of labor supply and training, two of them.

Mr. CURTIS. The labor supply and training?

Mr. LUND. That is correct.

Mr. CURTIS. What have you got left?

Mr. LUND. We have left our industry consultant branch, which devotes itself to representing, let us say, the labor point of view in the various branches of W. P. B. We have the War Production Drive which we have touched on here, and the major part of it is administered by our division. We have a shipbuilding wage stabilization agreement, the administration of that agreement.

Mr. CURTIS. What functions does the Labor Division perform upon the directive of the War Manpower Commission?

Mr. LUND. Directive No. 2. None. I think probably this should be pointed out. It is an operating job to make up these priorities lists. It is done by the War Production Board, and then these priorities are acted upon by the War Manpower Commission. The Labor Production Division is not primarily an operating agency, it is an agency that has as its purpose, its main purpose, getting labor's participation at various levels in the War Production Board.

Mr. CURTIS. Do you think that the function of production planning and manpower planning should be done by separate agencies?

Mr. LUND. As an original proposition, no. I think there are many good reasons, however, for having them done by separate agencies. They are big jobs, each of them, and each requires a large agency to perform them. I think sometimes there is perhaps a danger if you get too much under one roof. Certainly, though, Congressman, they ought to be very closely coordinated and many of the problems are inseparable.

TRAINING OF MEN SUBJECT TO DRAFT

Mr. CURTIS. I want to ask you one question about training, and then I am through. Has it been done since the declaration of war and is it being done now in this Training-Within-Industry? Are they training men who would be subject to the draft? By that, I mean of the proper age limit, physical fitness and unmarried, or married without children.

Mr. LUND. Undoubtedly. Undoubtedly a good many men have been trained and are being trained who are subject to the draft, that is, who will be taken by the Services.

Mr. CURTIS. They are training them knowing they are going to be taken?

Mr. LUND. Let me add to that this, that certainly attention should be called to the fact that perhaps the largest number are those who are likely to be deferred time and again. I think the reason that many of them who were trained are perhaps now in the Services, and will be in the Services three to six months hence, is because we have not known, and do not know now, what the ultimate needs of the Services will be.

Mr. CURTIS. Don't you think the people you are training, at least from here on out, should be women, men past 45, physically imperfect, and the men with several primary dependents?

Mr. LUND. By all means, Congressman. I think the concentration in training should be exactly where you have stated that it ought to be—women, and older men, men of over 45, let us say, and the handicapped, and men with one or more dependents.

Mr. CURTIS. Who is responsible for giving that training to men subject to the draft instead of first exhausting this other group?

Mr. LUND. What has been done of that nature—and certainly Mr. McNutt and other officials of the War Manpower Commission would be in far better position to discuss that than I—probably was done mistakenly, but it was done before we had full realization of what the demands for the services would be. I am not prepared to say, Mr. Congressman, to what extent it has been done, because certainly all along concentration has been on men who were more likely to be deferred.

Mr. CURTIS. But you have not exhausted the non military prospect in your training program before you started to train those fellows?

Mr. LUND. That is correct as far as I know, sir.

Mr. CURTIS. In all this manpower discussion and planning, who is it that is looking after the agricultural interests to insure that we have sufficient men to run these farms and to harvest these crops?

Mr. LUND. That is the dual responsibility of the Employment Service and the Department of Agriculture. However, as far as the strictly employment phase of the job is concerned, the training phase of the job would be done by the Employment Service, which is one division of the War Manpower Commission.

Mr. CURTIS. As far as you are concerned, you have nothing to do with that angle?

Mr. LUND. That is right.

Mr. CURTIS. That is all.

Mr. BENDER. Mr. Lund.

Mr. LUND. Yes, sir.

Mr. BENDER. Would you develop your views on the National Service Act, which would operate through the existing employment services?

Mr. LUND. I am not prepared, Mr. Congressman, to express myself on the National Service Act. I think probably other officials of the War Manpower Commission ought to do that. I would want to make this comment, however, that I believe we should exhaust all voluntary means of getting workers for jobs before we think of drafting them. In my statement here this morning, I stated that there was still a good deal of discrimination against the Negro and against loyal aliens.

Furthermore, we have not begun, of course, to utilize women to the fullest extent, or to any considerable extent, in industry. It just seems to me that all those things ought to be carried further, just as far as we can, before we start talking about a National Service Act. I think sometimes there is a tendency on the part of many of us to have too great a respect for the miraculous results of legislation. I personally am a firm believer in the sort of participation you can get on a voluntary basis, if it is properly explained to people and properly administered.

Mr. BENDER. Would you favor a National Service Act to operate through the Selective Service, providing the Selective Service strengthened its relationship in local States and national levels with management and labor?

Mr. LUND. No, sir. If we are going to have a National Service Act there would have to be the very closest cooperation between the National Selective Service and the War Manpower Commission.

Mr. BENDER. Mr. Lund, a large part of your functions were transferred to W. M. C.?

Mr. LUND. Yes.

FUNCTIONS NOT TRANSFERRED

Mr. BENDER. Another large part has gone to W. P. B., the Priorities Branch, and the whole problem of concentration is now in a concentration committee. What basic functions are left to the Labor Production Division?

Mr. LUND. I reviewed that very briefly a few minutes ago. I would say, No. 1, sir, the war production drive, which of course has not been transferred out of this Division. I indicated there was some confusion as to where the full responsibility for it belonged. However, the major part of the war production drive is still conducted by the Labor Production Division. Then, a second branch is what we call our Industry Consultant Service. In that we have consultants who work with all of the industry branches of W. P. B., getting labor's point of view into their deliberations and decisions.

Incidentally, labor has insistently and consistently taken a position in the branches for all-out conversion to war production, and that is one of its major contributions in these branches.

Then, a third branch that we have is the Shipbuilding Wage Stabilization Branch, which administers an agreement, a wage stabilization agreement, affecting upwards of 500,000 shipbuilding workers.

Mr. BENDER. Mr. Lund, one other question. Some testimony has been offered here in these hearings about the productivity of workers in these plants.

Mr. LUND. Yes, sir.

Mr. BENDER. As union men.

Mr. LUND. Yes, sir.

NO FORMULA FOR INDIVIDUAL PRODUCTION

Mr. BENDER. Do you think a standard or a formula or a barometer as to how much should be produced by an individual worker, say in an 8-hour shift, should be set?

Mr. LUND. You are asking me: Do we have that?

Mr. BENDER. Yes.

Mr. LUND. No, sir, we do not. I do not know that anyone has. I think I should say, however, that the increase in productivity of American labor has been little short of phenomenal. That is true for a variety of reasons, one of them being that there probably is in many plants more labor participation, in giving ideas as to improving production processes, than ever before.

Mr. BENDER. Do you believe in the shop-steward idea?

Mr. LUND. Yes, sir.

Mr. BENDER. You believe that is a good plan?

Mr. LUND. Yes, I do.

Mr. BENDER. The reason I asked that question, I know what your background is. I heard your name. Before you came into this work you were an official of some kind of some organized labor group; were you not?

Mr. LUND. No, sir; I was not. I was director of the Michigan Unemployment Compensation Commission.

Mr. BENDER. I heard of you in some connection. I might say I am not a labor baiter; I always enjoyed labor support in my own State. However, this matter has come to my attention quite recently: A man who carries a card in the Electrical Workers Union in my own city—in fact he has carried the card for 27 years—took a job in a war plant during his vacation because he had one son overseas and another one about to go and he felt he ought to make this contribution. He was taken into a plant as an employee and he described this experience that he had: He said the man in the front office had absolutely nothing

to say; the foreman has nothing to say; the union has a shop steward in that plant who runs the works, and he said that he was there to receive an 8-hour pay for 8 hours work, and he was willing to give more than that, in fact, he was animated by a desire to produce because of patriotic reasons; when he was working too fast it was called to his attention that he was doing too much.

As a matter of fact, the plant he worked in had a Navy "E" flying from the flag mast. He said whenever some employee would work too hard or too fast they would take some toilet paper and put an "E" on and pin the "E" on this fellow, just as a matter of a joke.

Now, I am concerned about labor, I am concerned about labor not losing its advantages in this country, and I am wondering if any effort is being made on the part of your group to correct a condition of that kind?

Now, this man was thoroughly incensed; in fact, he was not only telling me about it but telling everybody he met. He was thoroughly aroused. In fact, he made an issue of it on the floor of his union. I wonder if you have anything to say about that?

Mr. LUND. Congressman, I would say that instances of the nature you have mentioned are, in my opinion, very few and far between. On the contrary; I know because instances come to our attention every day that labor has made an amazing record in increasing its productivity during this war and in going all-out in all respects. Therefore, this instance would, in my opinion, be an extremely rare exception. I can assure you that it is not general. I can be very positive on that point. Where we find instances like that, of course we do our best to correct them. I am not sure that we have found any. I will amend that to say if we would find any we would certainly do our best to correct them, although there again the best vehicle would be the labor-management committee in the plant, it seems to me, for dealing with such a situation as you have described.

You asked me a question a moment ago, and I am not sure that I gave a satisfactory answer to it. I said: If we were to have a national service act it would be necessary for Selective Service and the War Manpower Commission to work very closely together. Now, I do not mean to imply that I would favor, or organized labor would favor, placing the civilian phase of the administration of any national service act in Selective Service.

Mr. BENDER. That is all.

The CHAIRMAN. Thank you very much, Mr. Lund.

Mr. Nelson, have you assistants that you desire to bring with you? Have them seated there with you.

The Congressman says you come from the State of Illinois and he says you do not need any assistance.

Mr. NELSON. Thank you.

TESTIMONY BY DONALD M. NELSON, CHAIRMAN, WAR PRODUCTION BOARD, WASHINGTON, D. C.

The CHAIRMAN. Mr. Nelson, on any questions propounded to you by members of the committee, we do not want to say for a minute that there is anything critical in them, because that is not intended at all.

Mr. NELSON. I am sure that is true.

The CHAIRMAN. We are just simply Members of Congress, and we have to report back to the Congress certain facts, that is all. So, there are no catch questions or any attempt to criticize you in any way.

We appreciate very much your coming here. The committee has a few questions to ask you.

The first question I would like to ask you, Mr. Nelson, is this:

When you last appeared before this committee in October 1941,¹ you emphasized that planning war production required a full knowledge of military requirements. At that time you told this committee that the first action you had taken as Executive Director of S. P. A. B. was to request this information of the Army and Navy and that you expected to get it within 30 or 40 days. Have you, as yet, obtained data on military requirements and developed a detailed war production program? Have you been able to?

REQUIREMENTS OF GLOBAL WAR

Mr. NELSON. Oh, yes, Mr. Congressman. I think we have got to view this question of military requirements as one where none of us recognized at any time the complete necessities of tomorrow.

Now, let us stop and think what the condition was in 1941, when I told you that. We did get requirements after a fashion. As far as I am concerned I believe the military tried to do their best to give their requirements, what they thought their requirements would be, but as you get into a global war of the immense size of this one, the question of requirements has now become a question of whether or not they can be fulfilled, because the requirements are everything that can possibly be had. We have got to look at our job and be reconciled to that fact.

The CHAIRMAN. In other words, there is no such thing as a blueprint?

Mr. NELSON. There is no such thing as a blueprint.

Conditions change, the whole thing changes overnight. We have got to be prepared and be flexible for those changes. That is war. That is what war is all about. War is pitting our strength and our brains against the enemy's strength and brains. They have strength, and they have brains.

The CHAIRMAN. All over the world?

Mr. NELSON. All over the world, yes; any place they may attack us. Now, I think, sir, that today, as in the past year, the Army and Navy and the Maritime Commission gave us the best they had, but this thing has changed to such an extent that the thing that we thought was all-out effort in 1941, and then in the early part of 1942, that which we thought was all-out effort, is not. Now, it is necessary to do much more than that. There is just no comparison between our job today and our job 6 months ago.

The CHAIRMAN. In the World War, for instance, why, we did not have to fire a gun in the Pacific, did we?

Mr. NELSON. That is right.

The CHAIRMAN. There was no trouble in the Pacific at all.

Mr. NELSON. That is right. We had production in France, production in England, production in Italy, production in other places that

¹ See Washington Hearings, pt. 20, p. 8015.

we could depend upon. Today, they depend upon us. We must supply Russia with the needed things that she has to have as her territories are occupied and certain strategic minerals or strategic materials of one kind or another are taken by the enemy. We want to keep Russia fighting, because they are killing Germans, and even if it disrupts our program and they need certain things to make airplanes or tanks, I think it is our job to give it to them. I know of no way to plan that.

EXPANSIONS IN AIRCRAFT INDUSTRY

We have tried, sir, and are continuing to try to do the best job of planning that can possibly be done. I would just like to cite you one figure. I want to give you one part of this picture. Let us take the aircraft industry, for example. You say, why cannot we plan that all-out and have the thing done in fine detail so that everything moves smoothly? If you will just look at this picture: In 1939 the aircraft industry had 49,000 workers and they expanded to 640,000 in 1942, and they will go up to 1,200,000 in 1943, a multiplication of 24 times. The value of the production will go up from \$280,000,000 to \$21,000,000,000 in 1943.

I will just try to put down a homely illustration to show you what this means, to expand the industry to that extent. Let us say you had a city of 500,000 people and that city grew from that 500,000 in 1939 to 6,500,000 in 3 years, and to 12,000,000 in 4 years, and you had to prepare the housing, the sanitation, transportation, and all of the essential supplies for 12,000,000 instead of 500,000; you people who have had a knowledge of what it means to administer city government will get an impression of what it means to expand the aircraft industry to that extent. Thousands and thousands of items have to be expanded all over this country to do that. If we are going to have mass production in the aircraft industry we have to assemble some 40,000 different parts. They all must meet at one time. The bomber is no good unless these parts all meet at one time and they are put in and the bomber moves out of the factory.

That is not an alibi. I am merely trying to give you the situation, what it means to make a blueprint of this thing.

The CHAIRMAN. Another problem brought out by General Hershey. You say you have to run to 1,200,000 aircraft workers before you finish. Well, 3,895 quit their jobs there in August this year.

Mr. NELSON. That is right.

The CHAIRMAN. That is another problem.

Mr. NELSON. That is a real problem.

The CHAIRMAN. As General Hershey pointed out, of course they can recall them from France to England, that is a short way; but we cannot recall them from Australia and Egypt very easily.

Mr. NELSON. It is very difficult to do that.

The CHAIRMAN. Do you think that war production can be organized effectively unless there is a detailed production program consisting of a monthly schedule of products to be manufactured?

MATERIALS AND PRODUCTION CONTROL

Mr. NELSON. No, sir; I do not. Of course, that has been our constant aim. We have reached the point where the demands upon us are such that we have to produce the maximum. Now, the maxi-

mun is dictated by the maximum you can get out of certain materials. We have got so much steel; we have got so much copper; we have so much molybdenum, tungsten, vanadium, and so forth, and those things determine the size of the program.

The CHAIRMAN. Do you know exactly how much you have?

Mr. NELSON. Yes, sir, as nearly as we can figure those things. Of course, they are dependent upon a lot of things, too. Our quantities are determined upon shipping and a lot of other things, all of which may change the picture overnight.

The CHAIRMAN. A constant reference is always made to what England is doing. England is not comparable with us. She is not comparable geographically, and not from the standpoint of population either. She has got a central government there. You met Williams when he was here?

Mr. NELSON. Yes, sir.

The CHAIRMAN. In England, what they do, of course, is to give a man a war contract and attach to it his contract for materials at the same time.

Mr. NELSON. Yes, sir. Don't forget this, Mr. Chairman, if they cannot supply all of the materials they have us to call on to give the materials to them.

The CHAIRMAN. I see.

Mr. NELSON. For instance, if they haven't got enough of a certain material and we can ship it, the demand comes on us. We are anxious to supply it; we are glad to. It may be ball bearings today, it may be transmissions, it may be alloy steel, it may be ingot steel, it may be anything. We figure we have got to keep the production going. They have got a great, big reservoir that they can draw from and get a regularity of flow. We want it that way.

The CHAIRMAN. I saw an article in Collier's last week wherein it was stated that 37 airplanes out of 100 in England are built from salvaged material from German and English planes. I could hardly believe that.

Mr. NELSON. I think it depends on what you mean by "built," sir. If a plane crashes, you can often rebuild it. Now, it may be merely the repair of a plane. If a plane has a carburetor or something goes bad, all right, they can put another carburetor on, or anything of that kind; they can repair, and should repair, and do repair it.

The CHAIRMAN. Of course, the words "rebuilt completely" were left out. That is what you are getting at?

Mr. NELSON. That is what I am getting at.

The CHAIRMAN. Of course. It seems to me that if you want to add a new type of war production to your current schedule, such as air cargo planes, you could only do it effectively if you deliberately modified your existing program in order to make room for the new schedule. Since we are in a very rapidly changing situation and need a great deal of flexibility in production, is it not doubly important that we have a detailed program which we can modify according to changed conditions?

IMPORTANCE OF PROPER SCHEDULING

Mr. NELSON. Yes, sir; very definitely so. And I think that this whole question of scheduling is probably the most important single problem ahead of us. We have been working on it for some months,

finding the right way to do it, have had the best brains from industry come in and advise us. It is not just a question of scheduling a few items, it is a question of scheduling thousands and thousands of components all over this United States. The job of scheduling in this picture is just the most gigantic job of scheduling that anybody undertook, and the difficulty, sir, is in getting all your figures compiled.

The CHAIRMAN. Not only the war came upon us quickly, but we are a democracy, too; we do not get under way so fast.

Mr. NELSON. Yes; it is rather difficult.

The CHAIRMAN. When we do roll, we roll pretty fast.

Mr. NELSON. Yes; we roll pretty fast. I think we are nearer to it today than we have ever been.

In addition to the items we need to make for Army and Navy and the Maritime Commission, we need to make articles for England, Russia, Australia, for China, for South America; and for our own civilian economy; that means scheduling practically everything that is produced in the United States.

The CHAIRMAN. In your March realignment of the War Production Board, you eliminated the contract review function which the War Production Board had formerly exercised, thus giving the military services exclusive responsibility for contract letting and production scheduling. Are you satisfied that contracts to date have been so let as to maximize production?

Mr. NELSON. No; of course, no one could be satisfied completely. The reason that was done is that our own people from our organization were put right over there with the Army and Navy, who are doing it and who are doing it according to the plans and policies that had been laid out. It seems to me that the thing to do is to avoid as much duplication and waste as possible. When Mr. Frank Folsom goes over to the Navy and works at the right hand of Admiral Robinson and Mr. Forrestal I think right there Mr. Folsom can do a better job passing on the contracts right in the Navy, and does it. Now, I did not feel that it was necessary to have another group review those same contracts. The whole question of policy, Mr. Chairman, is tied in through the Purchase Policy Committee which was set up at that time, composed of a man from the War Production Board, one from the Army, one from the Navy, one from the Maritime Commission, and the Air Corps, and the whole question of policy is set, and then it becomes a question of reviewing the contract in terms of that policy. I did not feel, I have never felt, that that was relinquishing any authority, by the delegation of Mr. Folsom to review those contracts right over there. I felt certain Mr. Folsom would do the job for the Navy as he would do it if he were working in my own shop. He would get speedier action there and avoid duplication, because duplication is a waste, as you know. That was the purpose of it, sir.

The CHAIRMAN. Thank you. You have pointed out that effective war production depends on the simultaneous scheduling of materials, facilities, and men in proper proportion. I gather from current newspaper reports that there is a conflict going on as to whether scheduling should be done by individual prime contractors, by the military services, or by a production scheduling group within the War Production Board. Which method do we now have and are you contemplating any changes?

Mr. NELSON. Well, I am amazed to read in the newspapers today about all these conflicts going on. Some of them I never heard about. When you get a job of any size, you get men from all over the country, you get differences of opinion as to how the job is going to be done, differences of opinion during the formative period, and those things are often regarded as conflicts. I do not regard those as conflicts. To me the way to get a job well done is to take men of different walks of life, different experiences, and have them get together to find out what the best method is.

RECORDS OF ACCOMPLISHMENT

On that point, certainly it has to be done in two ways, it seems to me. A job of scheduling, of course, has to be done by the manufacturer. No manufacturer can operate well without a schedule. On the other hand, he has to be given a schedule within which to operate. Then you get this thing into a regularized form.

Let me explain what I mean. In March, just to take the period that you were talking about, no one could predict how much American industry could do in any particular. Had we set a schedule at that time, we could never have gotten maximum production, because of the savings that have been made in man-hours and material through constant repetition, through engineering genius, and through this cooperative work that has gone on all over this country, to try to produce more with less, and I think some of the records of accomplishment and reduction in man-hours to manufacture a gun or airplane, or this thing or that thing, has been perfectly amazing, and would be amazing to you. I shall be very glad for somebody to check back. I have prepared just the experience of one group of companies, and I will show you what I mean, how by changing forgings to stampings and stampings to something else, changing one material to another, and as we get these things into production these changes are made.

The CHAIRMAN. Who supervises the changes? Is that carried on through some sort of training?

Mr. NELSON. In the main, of course, it is the Army and Navy who supervise the changes. We have a conservation and simplification division made up of some of the best experts we can get, who make recommendations to the Army for changes of specifications, and things of that sort. By getting the best engineering brains out of the steel industry, for instance, and the American Society for Testing Materials, we have been making new specifications for steel which eliminate some critical materials like nickel.

The CHAIRMAN. Governor McNutt testified yesterday that the productivity of individual workers has really gone up, too.

Mr. NELSON. It has, sir. It has kept going up.

The CHAIRMAN. The simplest example is in shipbuilding; 10,000-ton cargo ships that formerly took 103 days are now being turned out in a relatively few days. What is the number of days now?

Mr. NELSON. Twenty-nine days now.

The CHAIRMAN. That is really remarkable.

Mr. NELSON. It is remarkable. It is the application of new methods of mass production, and managerial genius combined with productivity of the workers doing a job.

The CHAIRMAN. In the old days, they used to start from the keel and build the ship up from the keel.

Mr. NELSON. Yes; they built it by putting on plate by plate, and today it is built in sections. Groups can be making sections all over the big yard. Formerly a shipyard was a small plot of ground in which you just had the inventory and keel, you put it on plate by plate. Now, you have a big yard, with fabrication of parts going on all over; the fabricated parts are put together and welded, and when they are completed the whole superstructure has been built in the meantime and can be picked up by a crane and put on the hull, and the job is completed.

Mr. BENDER. Congressman, would you mind if I asked a question?

The CHAIRMAN. Not at all.

Mr. BENDER. Now, that you are on Mr. McNutt, I wonder if you would care to express yourself regarding the National Service Act? Do you favor the National Service Act?

Mr. NELSON. I really must say to you that I have not studied that enough to be able to tell you anything about it. What I want to say, of course, what I think we have to say, is we must have workers at places where they are needed at times that they are needed. If that can be done voluntarily, I think it is fine; if it cannot be done voluntarily, then in some way it ought to be done. We have got to have men in the copper mines who are producing copper, producing the maximum amount of copper, because every pound of copper we lose today out of production is a pound of ammunition lost. We are short of copper, we need copper, and every single pound we lose through any reason whatsoever takes a pound of ammunition away from our soldiers.

Mr. BENDER. If such a national service act would be in order, do you think it ought to be operated through the existing employment services?

Mr. NELSON. That I do not know—I do not know enough about either, sir, to express an intelligent opinion to you, because I have my own problems.

The CHAIRMAN. I heard you have got quite a few.

Mr. NELSON. Yes, sir.

WAR AGENCIES ALL PART OF ONE ORGANIZATION

The CHAIRMAN. Will it ever be possible to schedule production factors properly if contract letting and production scheduling is under the control and responsibility of the Army and Navy, the distribution of raw materials is centered within the War Production Board, and the planning and manpower is centered in still other agencies?

Mr. NELSON. Well, may I give you the picture as I see it? There has been a great deal of talk about this question of one thing being in one place and another thing being in another place. To me the War Production Board, the Army and Navy, the Maritime Commission, and all other agencies engaged in war production are part of one organization, and each has its functions to perform. It can be done in that way, sir; I am positive of that. I am positive that is the only way it can be done.

The CHAIRMAN. Who has the final say?

Mr. NELSON. Sir?

The CHAIRMAN. Who has the final say, the board or you?

Mr. NELSON. I have the final say. I have been given the authority over war production by the President, and I have the final say in any particular, in anything relating to war production.

Now, you talk about the question of manpower. There, again, our job is to say how many workers we need in a certain place to do a certain job, and then it is the function of the Manpower Commission to get those workers for us to do that particular job.

There was a question at one time whether the Manpower Commission ought to be under War Production Board or not. Well, you can make a structure so big that no one person can do a job in administering it. This job is so big that it takes more than one. There are no superhuman people in this country; there are few geniuses, we are all just average people; we can do just so much, and if you put all the activities in one place you still have to delegate them to people to administer. The question is where you delegate and how well the people work together to do a job.

As far as Mr. McNutt and I are concerned, I was 100 percent for Mr. McNutt's appointment. He and I can work together 100 percent. There is no difficulty there.

The CHAIRMAN. He so stated yesterday.

Mr. NELSON. That is the fact, sir. We have a function to perform, and the War Manpower Commission has a function to perform. Its function is to take the total manpower of the country just as we take the total material and decide how to get the best distribution of that, in order to get the maximum impact on the enemy from that number of people. That maximum impact may come through the military services, through putting them on doing a job making war material of one kind or another, or doing various other things that are necessary to be done. This is a war economy today. It must be. The only function of this country today is to win this war. It must be that. Everybody has to work together to do that job of winning this war.

The CHAIRMAN. Mr. Nelson, according to information furnished us, the Army and Navy have proposed through the Army and Navy Munitions Board that the military services take over detailed allocation of materials for military products after allocation by the War Production Board as between military and civilian uses. Do you think the military should be burdened with such additional serious responsibilities?

Mr. NELSON. No; and I do not think they are. I do not know anything about the particular thing that you are talking about. Under my executive order, the Army and Navy Munitions Board report to the President through me. Now, it is a question of how the thing can be done best. That is the only way I look at it, how the thing can be done best. You say: "Can this be done best that way?" If it cannot be, sir, it will not be done that way. If you look at my executive order, the Army and Navy Munitions Board reports directly to the President through me, and therefore I do not understand this newspaper talk that I am at war with the Army or that there is a conflict of opinion as to this thing, that thing, or the other thing. Certainly, it is a question of trying to find the right way to do this job. It is going to be improved every day. We will change it every day, if necessary, until we find the right way to get the maximum war production in this country out of the material that we have or can get.

By that "can get," I mean we constantly have to increase our production of material. But on the other hand it takes material to make material. It takes steel to make more steel, and there comes the fine question of balances, as to how much you shall use to get your maximum impact on the enemy now, how much you shall use in the spring of 1943, how much in the fall of 1943, how much in the spring of 1944, because it often takes a year to 18 months to expand these facilities. The material you use now in expanding steel will not come in until the fall of 1943. If you start making a new expansion it takes just that much longer. A lot of expansion is going on; we are expanding in every direction.

We set July 1943 as the cut-off date. It was set as a cut-off date for material that could be brought in by July 1943 and we went ahead with that expansion. If it could not be brought in by July 1943, we deferred the expansion, the only exception to that being a few things like copper and a few critical materials that we knew we were going to have to have.

MATERIAL DISTRIBUTION—STEEL AS AN EXAMPLE

The CHAIRMAN. Now, Mr. Nelson, our report of last March said that the chief failure of procurement was due to the company-by-company and item-by-item purchase of armaments by the separate supply services. We also said: "Each of the major corporations have been permitted to determine the extent to which it could subcontract and to choose its contractors. With the best of will, the 50 to 100 corporations charged with production of virtually our entire program could not individually have planned so as to secure the full use of our industrial resources."

Now, Mr. Nelson, if the job of materials distribution were given to the Services, would they not transfer the responsibility to the prime contractors, just as in the past they have transferred the responsibility for determining subcontracting and facility expansion? What have you done in that regard?

Mr. NELSON. May I explain to you how this material is now being distributed?

The CHAIRMAN. If you will, please; yes, sir.

Mr. NELSON. It is not anywhere near perfect yet, but we see ways of improving it all the time, and have. This question of distribution of material I have seen for a year was going to be a major problem. I said so before a number of committees.

Now, let us look at the question of steel, for example. "Steel" is a generic term for hundreds of different items that go to make up steel, such as steel plate for the building of ships, steel plate of all varieties, sizes, and thicknesses, structural shapes of all kinds and descriptions, each one of which is fitted for a particular kind of job to meet certain stresses or strains; alloy steels of all kinds or formulae for every sort of thing. The airplane engine is really a metallurgical development rather than a mechanical development. It was done on the basis of development of metallurgy of steel and various formulae are used for different parts of that particular engine. We can go on to bars, rods, rivets, nails, bolts, nuts, screws, and all of those things that are made of steel.

Now, the job is to assemble in one place all of the various requirements of all the claimants, seat them around the table with one man given the authority to make that distribution. That man is the head of our requirements committee; he has the complete authority from the Chairman of the War Production Board to make the distributions. The head of the steel division is chairman of the steel subcommittee. The thing is perfected more every day. We know each day more and more about what our requirements really are, because these people represent literally thousands of individual consumers, so we know each month what our demand is for all of the thousands and thousands of items that are made of steel.

That demand comes in, the Army brings in its estimated demand as well as it can—and it is perfecting its estimated demand each day—not one of these are perfect yet, and probably will not be until the day we win the war. The Navy brings in its requirement or request, the Maritime Commission makes its request, the Procurement Division of the Treasury for lend-lease and others; our Division of Civilian Supply for the absolutely essential things that are needed for the health and safety of the people, the things that are needed for the fire services, sanitation, running our cities, and so forth. That is brought down to the bare essentials today, only the things that are absolutely necessary for the health and safety of the people.

South America: It is necessary that we supply steel to South America, because we are getting copper, molybdenum, and tin, and all kinds of things from South America, which we have to have from South America, and in order to do that they have to have their railroads so they can bring that stuff to port.

For England, for lease-lend, for Russia, for Canada. Canada has big production going. All of these people, we try to get in one place, try to seat them around the table each month to find what their requirements are. Then, we know the total supply; then it becomes a question of where to whittle down and how to whittle it down, and to do it as best we can in terms of strategy and necessity, and a lot of other things to make your cloth fit your pattern.

The CHAIRMAN. What check have you, Mr. Nelson? In other words, the Army might fudge, or the Navy, or the Maritime Commission. Do you check back?

Mr. NELSON. Oh, yes, of course, it is checked back. Don't forget sitting around the table are the claimants, and they check each other.

The CHAIRMAN. They watch each other pretty closely?

Mr. NELSON. They watch each other pretty closely.

That is the system, sir. It gets better, better, and better, as our requirements get better, as we know what we need. It is not perfect yet, a long way from it, but that, sir, is the method.

Now, when that is done the Army is allotted so much, the Navy is allotted so much, and the Maritime Commission is allotted so much. Just taking the question of steel plate for merchant ships, a program has been set for merchant ships, so many million tons the next 2 years. All right, that takes half the amount of steel plate. We have checked with the Maritime Commission, we know how much steel plate goes to make up a vessel, and it is easy to check and it is checked, and then the plate is allotted to all these different companies. The Maritime Commission takes that plate and allots it to the various shipyards. They need so much plate each month, they can buy so much

steel plate each month. Plate is allotted for pipe lines, plate is allotted for shells, plate is allotted for gun carriages, plate is allotted for locomotives—we can just go down the line and give you hundreds of uses for steel plate. People say, "Why can't we have more plate?" We can do any one thing, and can do probably any two things, just carve them out and do them, but to do the myriad and multiple things with that steel plate is a very difficult thing to do.

Then, again, we have so many ingot tons of steel. We have to fabricate the ingot into the various things. Steel plate is one of them.

Alloy steel: Ingot steel might be put to making alloy steel, bars, shapes, nuts, bolts, rivets, nails, structural shapes of all kinds, description, and sizes. The amount of steel plate you can make is determined by the total amount of other things you have to make out of the total amount of ingot steel. The job is to try to increase the total amount of ingot. If we can get more scrap we can increase the total ingot. All right, we have to conduct a scrap campaign. We go all over the country to get in all the scrap we can in order to increase the ingot, and when we increase the ingot we can get more shapes, we can get more bars, we can get more nails, we can get more of all the other things that I mentioned.

Am I making the picture plain?

The CHAIRMAN. Yes; I think so.

Mr. NELSON. Now, the job of scheduling is an exceedingly important one, one that we have not perfected, and it has not been perfected for one of the reasons as I stated to you previously, no one knew the maximum of what any one factory could do. On the other hand, we did not know just what you were going to need to accord with strategy. Our strategy changes. It is necessary to move one thing ahead of another. Maybe one thing today assumes great importance because of its immediate necessity.

We have arrived at the point which one of your first questions indicated, a very clear perspective. As you add anything to your program, you have to subtract something from it.

The CHAIRMAN. Yes; I think you are clear about that, absolutely clear, about the fact that we did not know just what the individual factories could produce. We had striking evidence of that. This committee spent several days in Detroit over a year ago on the conversion of the automobile industry.

Mr. NELSON. That is right.

The CHAIRMAN. We had Ford's representative, we had General Motors—we had them all, and they all agreed it could not be done. So, we brought them back to Washington, which was Mr. Knudsen's own idea, and it is being done.

Mr. NELSON. It has been done.

The CHAIRMAN. We did not know it could be done. They said it could not be done.

Mr. NELSON. Yes.

REVIEW AND SCHEDULING OF OPERATIONS

The CHAIRMAN. I just have one or two more questions. Our studies of some time ago show that 10 companies were awarded approximately two-fifths of all military supply contracts and that 100 companies were awarded more than 80 percent of the war contracts.

If the War Production Board were to review the contracts and schedule the production of, first, the 10 largest prime contractors, and then the next 100, would not the bulk of the material and production scheduling be under control? Is there any way to handle that?

Mr. NELSON. Yes. I think that is a very intelligent question, sir. It could be handled if we had some 700 different companies scheduled and had a schedule made up for them from the services.

The CHAIRMAN. Yes.

Mr. NELSON. You would have about 50 percent of the steel covered by a schedule.

The CHAIRMAN. That is right.

Mr. NELSON. That is the big job ahead of us that we are hard at work on. We have got some of the best brains of industry down here helping us to do that particular job.

The CHAIRMAN. I want to say to you that you are modest to this extent, to admit the job is not done by you or by anybody so far. You have got plenty of work to do yet.

Mr. NELSON. We certainly have. We have just started.

The CHAIRMAN. If the War Production Board were to review and schedule the operations of the largest prime contractors, would not you need a special division composed of industrial engineers and men directly from the production line and would not this enable you to reduce the size of the remainder of your staff? Or have you got them now?

Mr. NELSON. We have got them now, sir, and we have got them in the Army and Navy. Don't forget, I consider if a man is working in the Army or the Navy, and working on this particular problem, I don't care whether he is working there or for us, we are all working to the same end. The job is to get them together to work to that end. There will be at the start differences of opinion as to the best way to do it—there are bound to be, just as there are differences of opinion in the legislature, and that is the best way to pass a particular kind of law. You have these variations of opinion, because men have different ideas, different experiences. After they have found what they consider is the right thing, then it is a job that everybody pitches in to do, and it is done according to that right way.

We have industrial engineers, the best in the country. Take Mr. Ernest Kanzler who is with us. He is the man who did the whole scheduling for Henry Ford. I think he is the principal exponent of scheduling in the United States. He was with the Ford organization when it was done—it was his responsibility to do it for the Ford organization.

We have men from General Motors. We have got men from many companies, all of whom are working in this direction, and have been for months. This is not a kind of thing that has been stationary, but perhaps it has not been going fast enough. Each day I know we have not done as much as we should have done, and I know tomorrow we will not do as much as we should do, but not because we haven't tried.

The CHAIRMAN. Do you contemplate setting up any special division of consulting engineers to work just the way you are doing now?

Mr. NELSON. The Division of Consulting Engineers—doing what?

The CHAIRMAN. Do you contemplate setting up such a special division composed of industrial engineers, as you indicated, all by itself? You will have them work with you, that is your idea?

Mr. NELSON. That is right. It works out much better than these advisory committees.

The CHAIRMAN. There was one question handed up here by a reporter, I guess, that we might as well find out about if we can.

CONTROL OF PRODUCTION FLOW

There have been statements published to the effect that your new director general of operations, Mr. Ernest Kanzler, favors turning large quantities of materials over to war industries, and let them, to a large extent, control the flow of production. Do you favor this plan? Would this not make it impossible for Kaiser to secure materials for cargo planes? I understand you have already answered that.

Mr. NELSON. That question does not mean anything. We are not turning materials over to anybody except on the basis of indicated need. There must be some place where all these programs come from. If we decide cargo planes are essential—I say “we,” I mean the Government—the people who decide the question of whether cargo planes are or are not essential are our chiefs of staff. Our chiefs of staff are fighting this war—it has been entrusted to them, and they must determine the kind and character of airplanes they want; they must determine the urgency of different items, or of the program; they must determine how much shipping is needed to take the men overseas. Now, we come back to them and point out certain things, and it is a question of a constant flow back and forth to determine what the total program will be.

Now, take this question of cargo planes. There are a lot of cargo planes being made in the program, and big ones are in the program. This is a particular kind of cargo plane that is bigger than anything we have. I want to go ahead and build some of them to see whether they fly, to see whether they are the thing we need. I am certain if we are shown that they are, and that they are better than something else in the program, the program can be arranged to put these into the program.

The CHAIRMAN. Are you working on that now?

Mr. NELSON. Yes, sir; we are working on that right now.

Mr. BENDER. I would like to ask Mr. Nelson a question here.

We, a few days ago, had a message delivered to us from the President of the United States regarding production. If we are encountering shortages of materials today, how are you going to produce twice the present war goods?

DISCUSSION OF LEAD FACTOR

Mr. NELSON. Well, sir, because we are today cutting up material at the rate at which we are going to be making up material into finished products next January. There is a big lead factor in this thing. We are on this big upswing of production. It goes up like that [indicating]. That is the way it is scheduled and planned. We are cutting up material today into component parts of one kind or another that are going to be up at this point [indicating], way up here

some place [indicating]. It has not come out yet in a finished product. It takes a long while for these pipe lines to fill up and turn out a finished product. Take the airplanes, for example. The material is going into the airplane factories now, or has been for the past few months, that eventually will come out in January or February.

Mr. BENDER. Dr. Lamb would like to ask you a question that he has in mind.

Dr. LAMB. Sir, if your lead factor is, say, 6 months, what would be your picture, and if so will the line continue to go up, and if so will the materials increase proportionately—or don't they have to increase proportionately?

Mr. NELSON. Of course, your whole question of lead factors depends upon the time it takes to fabricate that particular thing. Some things have a lead factor of 6 months, some 2 month, some 1 month.

Dr. LAMB. I am trying to strike an average.

Mr. NELSON. Say the average lead factor would be somewhere 3 or 4 months. At this particular time you are having to get into production many of the things that are going into the schedule that comes way up here [indicating]. Eventually, that has to be worked out. It cannot go on indefinitely, of course. The question where it stops depends entirely on the total that we can do in this country. Nobody knows what that total is. We thought, when the President made his speech last January, it was 40,000,000,000 in 1942 and 60,000,000,000 in 1943. We are going to beat that considerably. We are planning much bigger than 60,000,000,000 for 1943, because we know we can do it. Just how much more, we do not know as yet.

The CHAIRMAN. One question, and then I am through with my questions. See if I have this clear: You say to this congressional committee that no matter how much the Army's estimates are, or the Navy's, or any other war program agency's estimates, they are still checked, and you have the final say, after consultation with them; is that the idea?

ALLOCATION OF MATERIALS

Mr. NELSON. That is right, sir. Somebody has to have that, because you have all of these claimants for this material. You have got two things that function now in this present program; One, the materials that go into making up the matériel of war, which is under the War Production Board, and then you have the Munitions Assignment Board that determines where they shall go after they are made. Now, we have nothing to do with that. The question of where they go is none of my business. The question of who gets the material has to be decided by some umpire. Some umpire has to determine how much shall go to Russia, how much shall go to England, how much shall go to South America, how much shall go to Australia, how much shall go to China. In terms of making these things which they need badly, strategic material, aluminum, magnesium, or whatnot, how much goes to the Army, how much goes to the Navy, how much goes to the Maritime Commission, how much goes to the railroads, how much to communications systems, how much to health services, how much to new construction, and all of these various things, all of which are claims on the materials, War Production Board must be the final umpire. If there is a greater demand than we can supply we say,

"You cannot divide what you haven't got; you can only divide the material that you have." It has got to be divided according to our best judgment.

In many cases we go back to the chiefs of staff in matters like steel plate, where we cannot fill all the requirements, and they determine the urgencies in all these things. You hear of priorities. Priorities are really urgency ratings. They determine whether one thing is more important than another. That importance varies at different times. If, in order to get a plant into production, it is going to take steel, but that plant is going to produce more steel, if you can give them 100 tons now and 3 months later get out a thousand tons a month, then certainly you are justified in giving them 100 tons now, even above a lot of other things. Individual items move up and down in the scale of urgency as the program goes on.

The CHAIRMAN. In other words, as you explained a while ago, conditions here are not comparable at all with England. When she enters into a contract the materials go with it. They can come to us, but we cannot go to them.

Mr. NELSON. That is right, sir. If their steel production goes down, they can come to us and ask us to increase the kind of steel that goes to them, and we have done that. We have sent a mission to England, made up of some of the very best men, with England's full cooperation and consent. This steel mission did a magnificent job and had full cooperation and support. There was complete cooperation.

Now, we have today a mechanism through which the two productions, the production of England and the production of this country, can be regulated and adjusted, so that the thing can be made in the place where it is more desirable to make it.

Always remember our one objective is to bring the maximum impact on the enemy. In England, if it can be made there out of materials from here, we supply the materials to them. We have an organization that we call the Combined Production and Resources Board, appointed by the President and Mr. Churchill. It is made up of Captain Littleton, who is in charge of production in England, and myself. We make up this committee. We are designated by the President and the Prime Minister to determine where these things can be made best, according to shipping needs, shipping necessities, necessities of the war and a lot of other things, and we work constantly with the allied chiefs of staff in making these determinations.

The CHAIRMAN. Where does the responsibility lie? For instance, England needs 25 bombers, the Solomon Islands need 25—where is the responsibility?

Mr. NELSON. That responsibility is in the Munitions Assignment Board appointed by the President and made up of the chiefs of staff and Mr. Hopkins.

The CHAIRMAN. You have nothing to do with that?

Mr. NELSON. No sir; I have nothing to do with that. That is not my job, to determine where these things go after they are made up.

The CHAIRMAN. I will say to you, Mr. Nelson, speaking for myself, that you have a man-sized job. You look well, though, under all the circumstances.

Mr. NELSON. Well, we are still working at it.

The CHAIRMAN. Congressman Sparkman.

Mr. SPARKMAN. Mr. Nelson, I want to ask you a few questions. I want to say "Amen" to what the chairman has just said, and I further say I think you have done a fine job, and I think the country is behind you and has confidence in the program.

Mr. NELSON. Well, I appreciate that, sir.

The CHAIRMAN. You left out one thing, Congressman, and that is his ability to take it.

Mr. SPARKMAN. Yes, I think he has ability to take it.

Mr. NELSON. That, you have to have.

REPLACEMENT OF PRIORITIES BY ALLOCATIONS

Mr. SPARKMAN. Mr. Nelson, in October 1941, you were before us,¹ and at that time you told us that you were dissatisfied with priorities and were planning to allocate materials. Priority ratings did not limit, either in time or the amount, the raw material that was obtained by the individual manufacturer.

Mr. NELSON. That is right.

Mr. SPARKMAN. I believe you said that this resulted in disproportionate production. For example, airplanes could not be finished because propellers were missing, or machine tools were unfinished for lack of spindles.

Mr. NELSON. That is right.

Mr. SPARKMAN. Now, since that time, during the past 11 months, when and how were priorities replaced by allocations?

Mr. NELSON. We have been constantly replacing them with allocations as fast as we could get all the requirements together to do that job. There is a confusion whether we are using priorities now or allocations. We still have priorities, as I said, to indicate urgencies, but all steel plate has been allocated now for months, allocated to the various uses directly. All nickel has been allocated; copper has been allocated; molybdenum, vanadium, alloy steels are now being allocated. As fast as we can we are moving one thing after the other to make allocations. When we find, for instance, we need steel for airplane propellers, the only way to get it is to direct a certain flow of steel to do that. We do that.

Everything is not on a basis of allocation yet, because it has not been possible. It just physically has been impossible for us to get all of these requirements together at any one time. The work has gone on steadily since that time, trying to get a mechanism set up that would give us the requirements at any particular time, but they are changing so rapidly, have been changing up to the present so rapidly, that by the time we got them they were obsolete, they did not mean anything. We might need a certain number of things today, and tomorrow need three or four times as many, because of the urgency of the situation. I think we are at a point now, where, by the 1st of January, all steel will be allocated. When you say "steel" that means hundreds of different varieties of steel, not just steel. Ingot has been allocated for some time, to make the various things that are necessary to be made. So much ingot is for plate, so much for alloy steel, so much for nuts, bolts, rivets, and so forth, all the way through this picture.

I think by the 1st of January we will be able to come to your committee and tell you we have got about 75 percent of the program under

¹ See Washington Hearings, pt. 20, p. 8015.

allocation. I do not think we can get it all, because there are just too many different things that you never can get together in one place, because of the wide variety of things that are needed in maintaining an economy and running even the machinery, because you have to have tools of all kinds, new machine tools to replace the obsolescent tools, new machine tools to do the job better, ball bearings of all kinds, clips, just thousands and thousands of items.

If you stop to think of this whole question of allocation of material, it has to move into nearly everything in the United States. That is the nature of this problem. That is not alibing, it is trying to do the best you can, so you know what you are going to do, you know what you are going to do it with, so you know when you are going to do it.

Mr. SPARKMAN. It is a constantly moving program and you have to move with it?

Mr. NELSON. You have to move with it. It will never be the set-up of a particular time because always there will be something more important to do than yesterday. It may be that bombers have to be fitted out for a certain mission. They have to have different radios for different parts of the country, they have to have different cowlings for different parts of the country or different parts of the world, perhaps different gas tanks for different missions. All of that has to be accomplished.

Mr. SPARKMAN. Mr. Nelson, this next question I believe you have pretty well answered in some of the responses to Mr. Tolan's questions.

PRODUCTION REQUIREMENTS PLAN

As I understand it, under the Production Requirements Plan, or P. R. P. as you call it, the individual manufacturer makes a request for the supply of raw materials which he thinks he needs for the following 3-month period. These requests are then trimmed down by the War Production Board to match the expected supply; however, the final allocation is still based primarily on the manufacturer's own requests which to date are not a part of any scheduled production program. How can P. R. P. prevent the unbalanced production we now have?

Mr. NELSON. I do not believe it can, sir. I believe you have got to match it with scheduling. Production requirements plan can do a good job of inventory control. It is an information thing. It has already accomplished a good deal in getting a redistribution of these inventories, because when you have to match an inventory, this lead factor we are talking about would cut down the allocation. It has done a very good job in the past 2 months of informing us where inventories were excessive so when allocations were made they could be made more in line with the realistic fact of what amount of work that company is going to do and not what amount they thought they were going to need.

Production requirements plan must be accompanied by scheduling. Two months ago we arrived at the decision that we have got to start scheduling. You may ask why we did not do it before. I don't know that we could have done it before. Suppose you had scheduled Henry Kaiser's shipbuilding yard and said to Henry Kaiser, "You can make only so many ships". Your schedule would not

contain itself. We have been making ships in 29 days that could not have been made if they were scheduled. Schedules would have been changed every week. If we went to manufacturers and said, "Make everything you can," you would not know what the limit of this was. You can see the application from Kaiser's shipyard. We have been scheduling on 105 days. Now, when you get to the point where you know pretty well what the limits are, it is comparatively easy to schedule, such as tank production and machine guns, and all of the various components, because we know pretty well today, within limits, what the maximum really is that we can do. We did not know 6 months ago; we had no experience. Many of these plants are producing three, four, or five times as much as they originally planned for. We know today, for example, that the air-frame plant, which was originally scheduled, can make more, many more airplanes, assemble many more, than it was originally built for. As fast as we can build up the supply of engines, all the 40,000 different items that go to make up the airplanes, instruments, landing gears, all sorts of varieties of things, we will get a better airplane production out of the present air-frame plants. We know pretty well what the limits are in various things, because we have had bellwethers that taught us how much could be done.

I decided 2 months ago on going ahead and developing a scheduling program. Production requirements plan cannot work on a majority of things without a scheduling program. It works well on all of the thousands of miscellaneous items that can never be scheduled. You can never schedule, for instance, ball bearings, because there are too many wide varieties of sizes and formulae, and so forth, for ball bearings, so the thing to do in the case of a ball-bearing factory is to schedule them on an inventory basis, so many pounds of products coming out each month, so many pounds of material needed to go in to bring out so many pounds. Rather than to attempt to count all of the endless variety of ball bearings, you do it on the basis of inventory. P. R. P. works perfectly on a thing of that kind, many thousands of items—nuts, bolts, rivets, nails—all sorts of things, but as to tanks and airplanes, we have a scheduling unit in Wright Field for airplanes for months, and it is being scheduled.

As those things are perfected and as we know better how to do them the schedules will mean more, and are meaning more, every day. This airplane thing has been scheduled for months. The new thing each day is to learn how to do it, so that all of these wide varieties of things, and all of the constant changes that have to be made in strategic plans can be taken care of for the different Services.

To summarize, I might say this: I think P. R. P. has a very definite place for informational value, in determining how much inventory you have to do a certain kind of job and in certain places. It is not of any value except for that purpose, unless a master schedule is made and bills of material are set up. On this wide variety of miscellaneous things, I think P. R. P. is the only method. An inventory control method, in other words, is the only method of controlling the wide variety of small things.

Mr. SPARKMAN. The P. R. P. gives specific materials' quotas to individual manufacturers, but makes no arrangement for them to obtain their materials. Will not there be a tendency for one raw material producer to get a lot of orders and a large backlog and for another to have very few orders?

Mr. NELSON. No. You see, if you had a situation of that kind you would not need P. R. P. at all. You have got to divide up the thing when the demand is greater than the supply. Now, if the supply is greater than the demand, you do not need any regulations, and, believe me, I wish we had some things in that category, so we would not need to worry about the condition you point out. That is, it is a question of every supplier making the maximum he can possibly make and then trying to protect, in the various places, that particular manufacturer from every one of the others. We had the situation where a few suppliers, we will say of copper, had a surplus, and there you would not have the situation where you had to make such strict allocations.

Have I covered your question correctly?

Mr. SPARKMAN. In other words, all suppliers of raw materials are taxed to their utmost already?

Mr. NELSON. All suppliers of raw materials are taxed to their utmost in nearly everything I know. There are very few things I know of that are not taxed to the limit. Even lumber is taxed clear to the limit.

Mr. SPARKMAN. Military inspectors and expeditors assigned to individual plants, to get out particular contracts, have contributed to excessive inventories and disproportionate production. Do you feel that these individuals should have the responsibility of checking on material requirement and use?

Mr. NELSON. If you refer to their issue of the PD-3 ratings, that has been taken away from them and is now under the control of W. P. B. It was wrong if an expeditor could send out material to his particular plant. Today, he has to come to the W. P. B. and get the approval.

Mr. SPARKMAN. That has been remedied?

Mr. NELSON. That has been remedied.

PROPOSAL FOR MATERIALS UTILIZATION INSPECTORS

Mr. SPARKMAN. A proposal has been made that each individual plant designate an employee as a materials utilization inspector, and that he be put on the Government pay roll to check materials requirements and use of this plant for the War Production Board. Would you favor such a proposal as against a plan where the War Production Board would assign its own independent group of industrial engineers to act as materials utilization inspectors?

Mr. NELSON. I think if we could get good men, it would be better than to get our own men. When you talk about industrial engineers, there is a shortage of good ones in this country. We have hired all we could get, because there is certainly a place for all of them. The question of whether you put a man in the plant or not, is more a question of getting the men properly trained rather than your having to go to the work of training them and having the thing delayed. For example, I believe in 90 percent of the cases if you have a man picked by the company and appointed by us, sworn in as a Government man, taking the oath of office, in time of war it would be treasonable if he did not do his job well. We pick a man that has a very good reputation. All of them have been drawn out of industry because they have had experience in the scheduling of this material. The whole problem is to get experts in their profession, men who have

brains and experience. You can get a lot of brains, but it has to be combined with experience or else you have to teach them. That is your big problem.

Mr. SPARKMAN. The bulk of critical raw materials is accounted by less than a thousand plants. If you want to control material distribution and use, why not place War Production Board inspectors in these key plants to check on material requirements, inventories, use and production scheduling?

Mr. NELSON. That is, in answer to your other question, one of the plans that has been suggested which I think has a great deal of merit. It has a great deal of merit when combined with the scheduling, so he knows what it should be.

Mr. SPARKMAN. Mr. Chairman, that is all I care to ask.

PRODUCTION OF MATERIALS CAN BE INCREASED

Mr. CURTIS. I just want to ask one question, Mr. Nelson.

Can our production of raw materials, particularly metals, be increased, or has the maximum been reached?

Mr. NELSON. No; of course it can be increased. For instance, steel; we could increase steel, put up more blast furnaces, more open-hearth furnaces, but when you do that there is a wide chain of things which you have to do. You have to increase the facilities for unloading and loading the ore. You have to have many more ore boats. There is a wide variety of things which have to be done when you start that increase. Now, there is a question, as I said to the chairman, Congressman Tolan. You have to make a decision as to whether you shall spend more steel to make more steel or whether you should take the steel that you have got now and produce it into things which you are going to throw at the enemy as soon as you can.

Mr. CURTIS. That is rather typical of most of the metals?

Mr. NELSON. That is rather typical of most of them; sir. Many of them can be expanded by various methods and without the expenditure of critical material. In copper, for example, it is a question of trying to get more miners into the mines and do more work, because there is smelting capacity to handle more copper. It is a question of getting ores from various fields and processing them where it can be done without great expenditures of critical materials. We are trying constantly to expand every one of these things. We will get more steel ingots if we get more steel scrap. If we can see our way clear to send more scrap each month throughout the winter months to the mills, we can get more steel ingots.

Answering your question directly, it is possible to expand many things, and where it is possible we are certainly trying to do it at the maximum.

MANPOWER PROBLEMS IN THREE DIVISIONS

Mr. ARNOLD. I have a few questions, and I am sure, from listening to you, that you can answer every one of them. At the present time, there are within the War Production Board three branches concerned with manpower problems in relation to production. I refer to the Labor Requirements Committee, the war production drive with its 1,500 management-labor production committees, and the Labor Production Division. Why are these three divisions separate?

Mr. NELSON. Because the function of each one of them is different. The Labor Requirements Committee does exactly the same job in the distribution of labor that our Material Requirements Committee does. If you allocated so much material to make airplanes, for example, or airplane engines, you have to do the same for the manpower. If you are going to produce something quickly in this program, changes may occur in it from time to time. If you are going to allocate steel for landing gears, you must also have the people to make the landing gears. This group of people are trained in requirements, working with the chiefs of staff, and know constantly what the urgencies are. They sit around the table and take part in figuring out the labor requirements. There are exactly the same claimants for the labor as there are for the material. You have here agriculture as one of the claimants, and so forth. I think it is good organization to put the Labor Requirements Committee right in with the Material Requirements Committee, so only one group works with the chiefs of staff and two do not have to do it. That is the reason for the Labor Requirements Committee being set up.

The war production drive is joint management and labor. Now, it is exceedingly important to us that that be kept absolutely on the right track and go right down the middle and be neither totally management nor totally labor, that it be done to increase production. As I said constantly, it is neither to put management into labor nor labor into management.

It is to bring them together so the maximum productivity of the two can be joined together to get the maximum war production. I felt that it would be better for that committee to be reporting directly to the chairman rather than to the Labor Production Division. Maybe I am wrong. Whenever I come to that conclusion, I will put it in the Labor Production Division, I will put it anywhere. It does not conflict, and it uses a great deal of the staff of the Labor Production Division.

Mr. ARNOLD. What plans do you have to increase labor participation in production planning?

LABOR PARTICIPATION IN PRODUCTION PLANNING

Mr. NELSON. Of course I feel you get the maximum production when labor and management know what the problems are, that you get more out of people in a democracy. As this program goes on, there are going to be certain plants that will become more important and certain plants that will become less important, because the strategy may change, or the necessity for particular weapons may change or assume much larger importance. Now, I feel definitely that when labor and management both know why those changes are made, insofar as it is possible to tell them in terms of strategy without divulging secrets of prime importance to the military, it would be better all around. Those employees in that plant ought to know why that particular thing is being done. If they can rely upon our being frank and candid with them there will not be that human tendency to make the job last as long as possible, always feeling that some day it may shut down. That is a human tendency and you cannot change it, even in time of war, because it is in all of us. Now, the more they know, the more nearly they know, why

these things are necessary to be done, the more I believe we will be able to solve many of our problems. That is why it seems very necessary to me that labor and management know why these things are being done.

We are sending this committee, the Labor-Management Policy Committee made up of two representatives of management and two representatives of labor with an impartial chairman who will be able to correspond with these labor-management committees, all over the country on production, to interchange ideas on how to do this job better, to do a lot of things which can be done. We have every evidence today, through the working of some of the committees, that they can completely change the whole production picture.

Mr. ARNOLD. Perhaps you have answered this. What do you consider the proper functions of labor-management committees?

Mr. NELSON. I have answered that. I consider the proper function is to do everything they can cooperatively to improve production without impinging upon either one, that is, not putting management into labor nor labor into management.

Mr. ARNOLD. It is our understanding that there has been some difference of opinion over directive No. 2 of the War Manpower Commission. Do you consider that the Labor Requirements Division of War Production Board should inform the War Manpower Commission where labor is needed, in what quantity and by what skills?

Mr. NELSON. Yes, I do, sir. There is—I would call it a difference of opinion. I think two agencies working together, each should know what its particular function is. That is, it is not a question of one having any more power or anything else. Mr. McNutt and I have determined we are not going to quarrel about any hypothetical thing that may happen between that committee and the Manpower Committee. We are not going to worry about hypothetical differences that may occur at some future date. That is the whole story.

Mr. ARNOLD. The committee would like your comment on its recommendations for the establishment of labor utilization inspectors in the War Manpower Commission.

POSITION ON NEED FOR LABOR UTILIZATION INSPECTORS

Mr. NELSON. I think, sir, that is a very important thing to do. I think as you get to a point where you get shortages of manpower you want to be sure that there is a full utilization of your manpower in any particular factory, just as we want to be sure there is a full utilization of material. The two of them go hand in hand.

Mr. ARNOLD. Do you think that labor utilization inspectors should be employed by War Production Board as well as by the War Manpower Commission? Would this not result in wasteful duplication of effort?

Mr. NELSON. No, sir; I would rather see it done by a single manpower commission.

Mr. ARNOLD. It would probably result in a wasteful duplication of effort.

Mr. NELSON. It would, some.

Mr. ARNOLD. Until you are able to furnish the War Manpower Commission with a production time schedule by items and plants, how can the War Manpower Commission schedule manpower requirements for industrial needs?

Mr. NELSON. Well, of course, they cannot do it perfectly. I do not think it will ever be done perfectly. We can tell them within certain areas what are the most important things to be done now and I think get 75 percent of the job done. I think the scheduling, as I have said in answer to several other questions—I think we have arrived at a time when better scheduling needs to be done, and the Army and Navy are in complete accord with that. There is no difference of opinion. They are both hard at work today to try to get the scheduling on a time basis. We have had a scheduling on quantity but not on a time basis, because the problem was to get the maximum. Now, it is being done on a time basis and there is complete harmony among all of us on that problem.

CONSIDERATION OF MANPOWER IN PRODUCTION PLANNING

Mr. ARNOLD. Do you consider that manpower limitations are as prime a consideration as materials in production planning? What is your machinery for giving weight to manpower in production planning?

Mr. NELSON. Of course, they are important, but I say again today no one can tell what the limit of manpower is in this country, because you have still got untapped sources of manpower. I think this will come about locally first rather than nationally. I think nationally you probably will have figures that will balance pretty well on totals, but there will be certain spots where they do not balance and where it will be necessary that certain things be done.

The problem is one that we have to tackle jointly. Take for example, Detroit. It may be necessary, and soon, to take out of Detroit certain types of work which are now being done there and move them into other spots where there is less stress on manpower. Preparations have been made for that whenever it becomes necessary to move the simpler things that can be taken out and put into other plants.

Mr. ARNOLD. You are talking of war production?

Mr. NELSON. I am talking of war production; I am talking of the essential civilian production. It is a problem of concentration of our essential civilian production into a few sources, and that will take into account the question of manpower in certain communities. When we make stoves we will not make stoves in the places where we need manpower for other things.

Mr. ARNOLD. If contracts are let by the armed services, if raw materials are allocated by War Production Board, if the War Manpower Commission controls the manpower budget, and yet all three, contracts, materials, manpower, are equally essential to production planning, how can the War Production Board or the armed services or industry undertake over-all production planning at the present time?

Mr. NELSON. I do not see any conflict in that at all. All you are doing there is saying that this problem is very, very complex, and that certainly is true 100 percent.

Mr. ARNOLD. I believe you answered that question wholly at the outset. There is at present no final authority to decide what manpower should go to the armed services and what manpower should go to industry. For this reason, no one knows what manpower will be available for industry 6 or 8 months from now. How can you

intelligently schedule contracts and production without knowledge of this vital productive element?

Mr. NELSON. Well, of course, there is a final authority in the President, but it can be done, I think, by better coordination, and I think there is every desire to do it, as between the Manpower Commission, War Production Board, and the chiefs of staff. Now, in between those three agencies there is an interchange of ideas, as to material that is available, from the standpoint of material, the manpower from the Manpower Commission, the chiefs of staff who have knowledge of strategy. I think the three of us, three different agencies, can come to certain agreements, as nearly as it can be forecast at present. If there is a difference of opinion between any two of the three, certainly it is a very important thing for the President to act on it. So I think there is authority there, it is merely the question of knowing the limits of all of these things, knowing how to do them. We are learning every day how to do the thing better; we are learning how this thing should be done.

Now, there has not been the coordination that there should have been in many of these spots, largely because we did not know how to go about getting it. As each day goes by, we are learning how to do it better.

We have today close working arrangements with the chiefs of staff. Where we could not be doing it in terms of strategy, we ask the chiefs of staff. We say: "Here is the material we have; here is what it is used for; what are the quantities?" Well, the plates go into bombs, planes, all sorts of things in the country. The chiefs work with our committee, and we work out a schedule, we schedule out a million tons of steel a month so it gets the maximum impact on the enemy.

Mr. ARNOLD. We were told yesterday by General McSherry that there is a considerable wastage of manpower in waiting for materials, as well as a loss due to inadequate utilization of men on the job. What steps do you consider necessary to secure the maximum efficiency of labor output?

Mr. NELSON. Better scheduling, sir, will bring that about. That is all part of the job, better scheduling, so you know and the plant knows pretty well where it fits into the schedule and what its urgency is in the whole question of strategy.

ORGANIZING THE FLOW OF MANPOWER

Mr. ARNOLD. General Hershey was talking about a total of ten to thirteen million men in the armed services. The effect of such a draft upon our productive manpower is not remote in view of the current huge monthly draws of Selective Service. Meantime, the plans for organizing our production program are undergoing further reorganization, and we continue to be far short of the production needed to equip such an army. What are your proposals for organizing the flow of manpower to war jobs, and the training and upgrading of our reserves for replacing draftees as well as the further jobs now projected?

Mr. NELSON. Well, that of course is a big question. I can answer it briefly this way, that when the number of men is determined, that has to be done, as I said, by a combination of three different factors,

the number you get from the standpoint of the military people to do the offense and defense that is necessary; from the Manpower Commission, the knowledge of the total manpower and how much of it is needed for agriculture, how much is needed to keep your communities going, how much available there is to be replaced, and so forth; the question of material for equipping them, and productive facilities, and all of those things, from a time standpoint. Now, the combination of the three working it out will eventually determine what the size of the armed forces really should be. When that is determined and we know definitely what the limits are with respect to the times, then you can begin planning replacements, as you have asked in your question.

Mr. ARNOLD. What is holding up the concentration of the farm equipment industry which was proposed as long ago as last March by the Labor Production Division?

Mr. NELSON. Merely the question of the size of the job, of determining how much we need and where it should be put. This concentration is new to us. We do not know yet. I do not think there is anything holding it up except the immense size of the job. The whole question is getting the pattern, and eventually this thing fits right into a groove.

Mr. ARNOLD. The same answer would apply, I suppose, to this next question. What is holding up the concentration of the machinery industry?

Mr. NELSON. That is the same thing.

Mr. ARNOLD. And the same answer would apply to what is holding the concentration of the remaining essential civilian industries?

Mr. NELSON. Yes.

Mr. ARNOLD. That is all.

Mr. BENDER. Mr. Nelson, this is not a question that may be as orthodox as some of the others that we have been asking you. There was a time in this country when we only felt a combination of letters like AB, PC, TR had some significance; but in recent years we have had a reshuffling of the alphabet and now we have WAVES, WAACS, SPAB—all these things. I wonder what significance, if any, there is to the combination of the letters BE and AE, as far as you are concerned?

Mr. NELSON. BE and AE?

Mr. BENDER. BE—"before election," and AE—"after election." Does that have any bearing on any of the programs?

Mr. NELSON. Not a thing; sir. I pay no more attention to the election than if it were never going to occur—we have got a job to do—I pay no attention to it whatsoever. I can truthfully say it has not interfered with a single thing we have been doing.

Mr. BENDER. The reason I asked the question, reading national periodicals and daily papers, they seem to place such a great significance on that particular thing that I wondered if there was any act on the part of the War Production Board that would give ground for it.

Mr. NELSON. It has had no significance, sir, no significance whatsoever with me or any of the actions of the War Production Board.

Mr. ARNOLD. Has the President ever suggested that it might have?

Mr. NELSON. Not once; sir. The President has never said a word of that kind to me in any particular. I have never yet heard him say anything about election in any way, shape, or form. I can truthfully say that to you, sir.

SIZE OF INVENTORIES

Mr. BENDER. Mr. Nelson, I would like to go back to the discussion of scheduling of operations as a means of tightening up production and manpower utilization. Obviously, if a plant is using a certain kind of critical material at a given rate, it must protect itself by having a sufficient supply on hand so that it can schedule its operations on a continuous basis. It must have at least a few days' supply. On the other hand, there is such a thing as an excessive inventory where a company has piled up enough steel or copper to cover 6 months' operations or longer. What is your opinion as to what is a satisfactory working inventory?

Mr. NELSON. Well, that varies, sir, with so many different things. There are so many components that enter into it. I think I should make one thing plain. When we talk about shortage of material, we are not always talking just about a shortage of raw materials, we are talking about shortage of components, because these components come from all sorts of places today, and they must do this job. As you get more and more subcontracting these things fan out in all directions.

You say "shortage of material." What is material to one man is an end product to the other. Now, the whole problem of how much you have depends upon how long it takes you to replace it, and what a proper insurance factor for replacement really is, in connection with time. We have got certain plants that are working today on 15 days' supply of certain components, where the two are linked pretty well together, and we know we have got the production schedules linked, and they get a certain number of transmissions coming through every day. For instance, in the automobile industry they were, even on many things, able to work on a 2- or 3-day inventory because they had the thing pretty well scheduled, so they knew what the flow of components into the thing was. As we get better scheduling the length of time in your lead factor will come down. I think 3 months ought to be a pretty good average inventory at the present time. Some take 4, some take 5, and some take only 1. I think by the first of the year we can reduce that to 2 months.

As we reduce the lead factor, we increase the amount of flow that we can get out, because that difference of 1 month's inventory can go into the making of end products and be liquidated, just as in business your inventory is liquidated in terms of cash. Today we think of the end products that can be made of that inventory.

CONTROLLING EXCESSIVE INVENTORIES

Mr. BENDER. What is the War Production Board's organization and procedure for controlling and recapturing excessive inventories?

Mr. NELSON. It has two different methods of doing it: One, the P. R. P., by not scheduling in as much if there is apparently enough of a supply there.

We have an organization that is constantly looking for inventory, the requisitioning section. We have made arrangements with R. F. C. This was not very easy to set up. There are a lot of involvements in it for buying up frozen inventory where a curtailment order came through, and we could not use it to make up any more particular end

products. We buy that up and bring it back into the picture through the arrangement with R. F. C.

We are trying to control this inventory in every direction. Of course, it is a violation of our priority order. A man is actually violating a law when he has an excessive inventory. We have not enforced that yet, but I think we should. I have been thinking seriously of starting a better enforcement on that particular part of our priority regulation which requires that a company does not have excessive inventories.

MR. BENDER. Have all idle inventories left over from curtailed civilian production been recaptured, including inventories of semi-fabricated parts?

MR. NELSON. No. As I said, we have set up a corporation in R. F. C. to buy those, and I have given you in the memorandum the amounts of those that have already been recaptured.

MR. BENDER. What, according to your understanding, are the largest outstanding inventories in terms of length of time it will take to consume them, which are to be found either in the plants of private contractors, Government arsenals, and navy yards for such critical materials as copper, steel, magnesium, aluminum, nickel, and so forth?

MR. NELSON. I am sorry, I do not understand the question. Will you repeat the first part?

MR. BENDER. What, according to your understanding, are the largest outstanding inventories in terms of length of time it will take to consume them, which are to be found either in the plants of private contractors, Government arsenals, and navy yards for such critical materials as copper, steel, magnesium, aluminum, and so forth?

MR. NELSON. I do not know what that question means. You ask what are the outstanding things, and then you indicate them. I do not know what you are driving at there.

MR. BENDER. The thing we are driving at is this: Have you any record of the inventories on these various items?

MR. NELSON. That is what P. R. P. gives us, you see.

MR. BENDER. That is on the basis of the time that it will take to consume them?

MR. NELSON. P. R. P. gives us first a statement of what they have. It gives us what they consumed in the past quarter, the quarter preceding, and what they estimate they will consume in the quarter following. Now, in the proper analysis of that you can get a line on where there are outstanding inventories that look excessive.

MR. BENDER. That is in private plants, Government arsenals, or navy yards?

MR. NELSON. Anywhere.

MR. BENDER. Has any use been made of the inventories shown on the P. R. P. forms for recapturing excessive inventories?

MR. NELSON. I do not know the details on that, sir. I can get that for you. I just do not know whether they have or not.

MR. BENDER. Last Thursday, I read in the newspapers about a report of E. A. Tupper, chief of your Inventory and Requisitioning Branch, which says that out of estimated excessive inventories of copper of 400,000,000 pounds only about 100,000,000 have thus far been reported to the War Production Board, and that furthermore only about 30,000,000 pounds of this have been disposed of by the War Production Board. Copper shortage was already acute a year

ago, and, in fact, use of copper for civilian purposes was almost entirely eliminated in 1941. Why has it taken so long to get under way the recapture of excessive inventories of such critical materials as copper and steel?

Mr. NELSON. Well, I cannot answer that. It has taken too long; there is no doubt about it. It involved the setting up of a corporation, involved trying to evaluate these different products. We have done as good a job as we could have done on the recapturing of the inventories. I cannot say anything except that it has taken too long.

Mr. BENDER. Are the excessive inventories which have been revealed on the P. R. P. forms being considered as part of the raw materials supply in planning your material allocations? Could you tell us what has been determined as being an excessive inventory in processing the reports which are the basis of your Production Requirements Plan?

Mr. NELSON. Well, that, sir, is a detail I cannot answer for you. I will be glad to get the answer for you by the men who do that; I can keep in touch with a lot of the details but not all of them.¹

COOPERATION OF ARMED SERVICES IN MATERIAL CONSERVATION

Mr. BENDER. Are you satisfied with the extent to which the armed services have been cooperating with the W. P. B. Bureau of Conservation in the carrying out of recommendations to conserve critical raw materials?

Mr. NELSON. Well, today, when you say "Are you satisfied?" I do not believe we can be satisfied with anything. I am satisfied with this: that there has been an intent to cooperate. There have been differences of opinion as to whether certain things could be done or could not be done. Now, I have always taken the position that when it comes to the determination of whether there shall be a change in the specifications of a gun, or ammunition, or anything that is a highly technical item, that the armed services should be the ones that determine that. Certainly, from my standpoint, I think our job is to produce the highest quality weapons we can, because quality means as much as quantity in the matter of these weapons. We must have weapons that are superior to those of our enemy. Now, there have been differences of opinion as to whether the armed services were fast enough in changing this or that or the other thing. We feel certainly they should go slow in changing their specifications, and to be sure that the thing we are recommending is a highly satisfactory thing.

Take the question of the substitution of steel for copper. It apparently has gone along very slowly and still I know that the armed services, both the Army and Navy, have energetically, because of us, followed through in that particular matter and made these tests rapidly.

We do not want to have a steel shell casing that will stick in the gun at a critical time when somebody goes to use that gun to protect his life, and we have to be darned sure, very, very sure, that steel will do as good a job as copper and not jam. Therefore, there are differences of opinion. Some of them break out into the press because people get heated and discussions occur.

¹ See supplemental statement of Donald M. Nelson, p. 13222.

The CHAIRMAN. And that was the only determining factor?

Mr. NELSON. That was the only determining factor. I am not urging them to go so fast that we have a poor quality of ammunition. I want the best, I want to see it the best. Sometimes you are better off with fewer of them and have them better than to have more of them and not so good. That is why we have gone slowly in many cases.

You can analyze different things and say they should have done this or they should have done that. I am positively convinced that there has been a spirit of cooperation at the top, as between Admiral Robinson of the Navy and Frank Folsom who is our own man, who are trying to do these things, and General Somervell in the Army, and his particular man, Al Browning, and others working on that. There is, and there has been, a spirit of wanting to do it and feeling the necessity for doing it.

You asked the question as to whether I am satisfied that they are going fast enough. I say, "No," I am not satisfied, and I do not know that I will be satisfied on anything. I am only satisfied that there has been a spirit of wanting to do it the best they could.

Mr. BENDER. Are you satisfied with the job that Mr. Rosenwald's Bureau of Conservation is doing? Do you think it employs an adequate number of technical personnel in order to cover the field?

Mr. NELSON. I do not know the answer to that, whether they have an adequate number to cover the field. They have quite a few, and of course they call on a lot of people. I do not think we can be satisfied with the job we are doing in any division of our show. I am truthful. I cannot answer you yes on the question, "Are you satisfied with any division of the show, that it is doing the maximum?" I would say no. We have got to do more because of the size of the job we are called upon to do, and there is going to be a constant improvement in the character of the things we do, because of the urgency, the necessity and need for it, the changes in organization that have to take place all over our place in order that we do a better, better, and better job.

Mr. BENDER. Possibly I should not ask you this, and yet I do respect you; I think the whole country does. They feel you are trying to do a good job. I read in Collier's magazine an editorial this week—no doubt you have read it——

Mr. NELSON. No, sir; I have not seen it. I do not get time to read.

Mr. BENDER. They pay you high compliments, but they say you are too nice, you are not hard-boiled enough. Have you anything to say to that?

Mr. NELSON. Yes; I would like to talk on that, because I can be just as hard-boiled as anybody needs to be to do the job. I have always preferred to be a gentleman in doing a job. I can be the other, if I have to be. I have found that sometimes the fellow that breaks up tables does not get it done any faster than the fellow who quietly goes about the job of getting a thing done. All I can say: I can point to my record, and I am not ashamed of my record in getting things done around the Government. When you get all of the different agencies of government working together to do a particular job, whether you can get them to work better with the fellow who cracks the whip and cusses all the time or one that quietly goes about the job of getting the thing done, you will have to determine. I will be tough

enough to do the job, because the war demands that I do, and this emergency demands that I do. No man has a right to be so nice as to stand in the way or let personalities stand in the way of doing anything to get a job done. It is just a question of whether I can appear before you, or you before me, and answer questions in a gentlemanly way or whether we have to be fighting all the time.

I think it gets the job done better by trying to get it done cooperatively. I will say this, I will be just as tough as anybody to get all the job done that has to be done in my jurisdiction, except I do not rush into print with it, and I do not intend to.

The CHAIRMAN. I think you still believe in the art of persuasion, don't you?

Mr. NELSON. Well, sir, I feel there are all kinds of persuasions.

Mr. BENDER. I think your answer is most satisfactory, and I appreciate it. I should have not asked it. I am glad you answered it as frankly as you did.

Mr. NELSON. I am glad to answer any questions.

ELIMINATION OF MATERIALS WASTE

Mr. BENDER. Mr. Nelson, it would seem to me that there could be very wide differences in the practices of individual plants as far as scrap and spoilage is concerned. Has any machinery been set up to see that a minimum amount of materials are used by war contractors?

Mr. NELSON. Yes. Of course that is the job of the Army inspector, to try to see that that be done. I do not think we have done as good a job in that as we could have done or should have done. Attempts have been made to do it. We have brought in the engineering societies. They have gone around and visited plants in cities all over the country with the idea of getting everybody interested in doing that particular job. One of the interesting things these labor management committees are doing is eliminating waste, doing the job, making suggestions as to how the job may be done better.

One that may stand out is relatively small, but it has saved a lot of aluminum. A man worked punching certain parts out of aluminum and he figured out a way of changing the work and getting five out of a particular sheet instead of four, and we will save just that much scrap, save 20 percent. Those things are going on constantly.

As I was saying, we are trying to get these committees to do this work. Take the tank people, they will meet any committee, or the machine-tool people, or others, and exchange ideas as to how it can be done with less waste, as the forging is dropped, and so on, so you do not have as much waste in cutting it out. That is passed on to others in the industry, and the art is just passed back and forth between the engineers. I feel it is a very fertile field. We have not done nearly enough in that.

Mr. BENDER. Do you think any substantial progress can be made in controlling the use of raw materials particularly with respect to conservation, spoilage, and so forth, unless you have a War Production Board representative assigned for this purpose in each of the major plants?

Mr. NELSON. Well, that of course would be one of the jobs of those men we were talking about, putting them into the plant in charge of inventories. Theirs would be the job of doing that. I think it cannot be done unless there is a War Production Board man in the plant.

I feel very definitely that that is a very important thing that that man must do.

Mr. BENDER. Mr. Nelson, I do not want to tax your patience. Every Member of Congress daily receives letters or receives complaints from individual plants, or from insurance companies. This one does not happen to come from this plant, but it has come to my attention, and I think it deserves a moment or two (reading):

The Cleveland Pneumatic Tool Co. has a subsidiary company under the name of the Cleveland Pneumatic Aerol Co. which is building a plant at Euclid, Ohio, for the construction of airplane parts.

Incidentally, this plant and the Bendix plant, I think, manufacture most of the struts.

Mr. NELSON. Most of the struts are made by the two companies.

Mr. BENDER. It is a vital plant (continuing):

This plant is being financed by the Defense Plant Corporation, and the factory building will cover an area 800 by 800 feet which will house the machine shop. Part of this building will be separated by fire walls, and the separated section will house the heat-treating and welding sections. There will be another building which will house the office, covering 70,000 square feet, and then there will be three separate utility buildings.

The building and machinery will be owned by the Defense Plant Corporation, and the value of these will be about \$22,000,000. The value of the stock and work in process will be approximately \$20,000,000.

The problem is this: That there is no insurance company or group of insurance companies large enough to write the total amount of insurance which will be required as it is too much of a hazard concentrated in one area. The only companies which could even approach this amount are the Associated Factory Mutuals which held the entire insurance on the parent plant.

The situation, therefore, is this: The insurance companies will not write this risk unless a sprinkler system is installed, and the War Production Board absolutely refuses to permit the installation of sprinklers, while with the Navy Department it is immaterial whether the sprinklers are installed or not. The reason the War Production Board turned down sprinklers is because of the shortage of steel.

Although the plant will be operated 24 hours a day and this will hold the chance of a fire down to the minimum, the possibility of a fire still exists and if it gets out of control it will burn down a plant which is of enormous size and, therefore, the interruption of production in a plant of this size will be a great catastrophe from the point of view of the war effort.

Incidentally, the National Bronze & Aluminum Co., a war plant, burned down about a year ago, burned right down; the whole thing was a total loss and many forms were lost.

Mr. NELSON. That is right.

Mr. BENDER. In this connection, they had a fire at this plant about 2 months ago and because of the sprinkler system the loss was very slight (resuming):

It stands to reason that many small plants can eliminate the sprinkler system, and if one burns completely no great loss is incurred because other plants can make up the production. But with an enormous plant such as this, if there is an interruption of production to any great extent this cannot be made up by a large number of small plants. Therefore, the elimination of the possibility of a great hazard occurring will more than off-set the shortage which the Government might feel in the steel which would be used in the construction of the sprinkler system.

Do you have any comment to make on that?

Mr. NELSON. Yes, I have, sir, because that just illustrates the decisions you have to make through this whole thing. You have just got so much steel pipe, and that pipe is used, as you know, for various purposes among which is to bring water into houses, so you may build a house that a family can live in.

You also have the point that you would again take chances on. Your judgment is sometimes bad, sometimes it is good. I think a thing like that ought to be weighed and reweighed in the light of each individual's particular case.

Mr. BENDER. Incidentally, the War Production Board changed its decision on another plant some time ago and approved installing a sprinkler system after previously rejecting it.

Mr. NELSON. That happens. We would be glad to review that case.

Mr. BENDER. This is a plant, as I say, that is so vital because every airplane produced needs these struts, and in the event of fire it would have a bad influence on production. As you pointed out in the beginning, there are more employees today in the airplane industry as compared with the numbers that were employed in 1939.

Mr. NELSON. That is right.

The CHAIRMAN. Congressman, may I ask you, is that in your Congressional District?

Mr. BENDER. Very much, yes.

Mr. NELSON. We would be very glad to review it, sir. I thought, as you read the letter, knowing this particular plant and knowing its importance, that perhaps somebody had not given it the proper consideration. I will be glad if you send that letter to me, and it will be reviewed in the light of the situation.

Mr. BENDER. That is all.

The CHAIRMAN. You leave it to an Ohio Republican not to overlook his district.

Mr. NELSON. We will be very glad to do that, because I think it should be done. I think a thing like that ought to be reviewed most carefully.

The CHAIRMAN. Well, Mr. Nelson, you have been exceedingly patient, kind, interesting and intelligent in your whole remarks here, and this committee deeply appreciates, especially your frankness, and the observations you made in your statement this morning. When do you sleep? Do you get any sleep at all?

Mr. NELSON. A little bit.

The CHAIRMAN. Not much, though.

Mr. NELSON. From about 1 to 7.

The CHAIRMAN. Well, we thank you, Mr. Nelson.

We appreciate very much your coming.

Mr. NELSON. It is always a pleasure to appear before your committee.

The CHAIRMAN. I have here a copy of the excellent memorandum which you had prepared in answer to questions which I have submitted to you for the committee, and will place this memorandum, together with the questions submitted, in the record at this point.

(The material referred to follows:)

LETTER FROM THE CHAIRMAN OF THE COMMITTEE TO DONALD M. NELSON,
CHAIRMAN, WAR PRODUCTION BOARD

SEPTEMBER 5, 1942.

Mr. DONALD M. NELSON,
*Chairman, War Production Board, New Social Security Building,
Washington, D. C.*

DEAR MR. NELSON: This committee, as you have been informed, plans to hold hearings September 15, 16, and 17. As we understand it, you will be available on

Thursday, September 17, at 10 A. M. We will inform you at a later date the location of the hearing room.

Attached to this letter is a brief list of questions on various manpower mobilization problems in which the committee members have expressed interest. These questions are not exhaustive, and others undoubtedly will suggest themselves to you and to the committee. It would be helpful if you would submit a summary statement of your testimony, 3 or 4 pages in length, on or before September 12.

We have had many expressions of interest from management and labor in the committee's recent fifth interim report published on August 10, 1942. For this reason we are extending invitations to both these groups to send observers to these hearings.

The committee wishes to thank you for your cooperation.

With all good wishes, I am

Sincerely,

JOHN H. TOLAN, *Chairman.*

QUESTIONS PROPOUNDED

1. What types of problems have been encountered in the distribution of raw materials?

2. Would you describe the distribution methods, reporting procedures and other controls which have been recently introduced in order to improve the use of raw materials?

3. What improvements have already resulted from the new methods or can be expected to result in the near future?

4. What are the problems of maximizing and balancing over-all war production and how do the new methods of raw material distribution contribute to the solution of these over-all problems?

5. Would you illustrate the information furnished in answer to questions 1-4 with specific data for steel, copper, or other exemplary critical raw materials?

6. Would you describe the administrative organization and procedures by which the War Production Board determines the type, amount, and location of essential civilian production?

7. What factors dictate the use of concentration programs for essential civilian production and for what types of industries and products are such programs being developed?

8. What general criteria are used for deciding the plants and areas in which essential civilian production shall be concentrated?

9. To what extent do the War Manpower Commission and other Federal agencies participate in the formulation of the over-all policy with respect to concentration and the details of the individual concentration program?

10. The committee has heard a great deal about the difficulties of securing adequate labor for copper and other nonferrous mines. Have there been any studies of the potential productive capacity of mines and mills producing nonferrous ores and metals? Have labor shortages resulted in less than capacity production of any of these ores and metals?

11. What responsibility does the War Production Board have in cases where labor shortages limit production? By what organization and procedures does it exercise such responsibility? What has specifically been done in the case of copper, zinc, aluminum, and other nonferrous metals?

12. What are the functions and objectives of the labor-management production committees? Is there any organization within the War Production Board for assuring proper contribution from these committees and for utilizing their suggestions and other activities? How many labor-management production committees have already been set up and what has been their contribution to date?

STATEMENT BY DONALD M. NELSON, CHAIRMAN, WAR PRODUCTION BOARD, WASHINGTON, D. C.

I. INTRODUCTION

(Answer to the committee's fourth question [in part]: "What are the problems of maximizing and balancing over-all war production?")

The committee has submitted questions which are very broad in their implications. The answers call for a substantial amount of impression and opinion. It seems appropriate to lay a foundation for the more specific questions. One of those submitted, to wit: "What are the problems of maximizing and balancing over-all war production?" seems an appropriate point of departure.

The "problems of maximizing and balancing over-all war production" are those which are inherent in the kind of situation in which we find ourselves. We are dealing with an all-inclusive emergency, where all factors confronting us are abnormal. The factors are abnormal even from the military point of view in that plans carefully laid before the outbreak of war have had to be drastically revised, in the very process of carrying them out, to meet the actual military necessities.

The situation is also one of an unprecedented dynamic nature, where the entire normal production of the country is tending to go from 100 percent toward zero at the very time that this new and abnormal production is going from zero toward 100 percent. The products to be made and the materials and plant used are in many respects either completely new or completely different from anything previously made.

The scale of the operation is so enormous that no single human eye can view all of the facets at any one time and place. The output of implements of war and other products necessary to the war is greater by far than that we have ever produced or than has ever been produced at any time in the past by any country or group of countries.

The shifts in the program that must be made are so kaleidoscopic that they tend to defy organization and classification into simple terms which can be dealt with in an orderly way. While the aggregate is rapidly expanding, the place in the aggregate between item and item in the program is constantly changing as strategy changes.

If the factors were all known, they could in due course be neatly harnessed. However, our actual capacity to perform has constantly outrun our most careful predictions. Unfortunately this has not occurred uniformly. The result is that we find ourselves ahead of plans at some points, and behind expectations in others. Therefore, balance has to be created after these developments show the places needing attention.

Our objective is a complete harnessing of all of the productive forces and resources of this Nation to the purposes of war, while at the same time developing what those purposes are and the facilities with which to perform them.

There is no suggestion that we should not have to cope with a dynamic, gigantic and flexible situation, but the "problems of maximizing and balancing over-all war production" must be recognized as being incompatible with perfection.

The basic problem of scheduling production may appropriately be discussed to some extent at this point. Scheduling production as an abstract exercise is very simple. Total desired product is multiplied by the bills of material entering into that production, and the rate of material supply is permitted to establish the rapidity with which the program is performed. As a practical matter, however, complete bills of material for the hundreds of thousands of items and sub-assemblies which need to be scheduled, many of them new and rapidly changing in specifications, have not been available. This lack is being rapidly supplied by gigantic efforts of the armed services and civilians cooperating with them.

Material supply has also been a fairly rapidly changing aspect of the problem as we have rapidly expanded in some materials, which, as in the case of aluminum and magnesium, are capable of enormous, rapid expansion, while other materials, such as nickel, have not been susceptible to equally rapid expansion. When this is compared with the fact above mentioned, that actual capacity to process and fabricate material has not fitted predictions with any degree of smoothness, it is apparent that a satisfactory schedule could only be evolved, and not created instantly at the outset.

As we have now a current picture of all production requirements for every calendar quarter coming in from all manufacturers or plants of any size, and since the capacity to process and fabricate is settling down into fairly well established rates of production, we are emerging steadily into a situation which can be and is being scheduled. This scheduling, however, will never be static, and flexibility is one of our primary concerns. We will seek greater rather than less flexibility. But this will be under control so that we know what to flex and are in shape to flex accordingly by having our fingers on the reins all the way out to the lead mules in our 40-mule teams.

We have set up an office for program determination to lay out all production into programs, and we have commenced introducing our field offices into the production requirements problems of the plants in each region, looking toward detailed scheduling of production in all large plants.

It is a fair prediction that with the present rate of improvement in the aggregate of scheduled portions of the program, we may expect to be reasonably well scheduled by the first quarter of 1943.

The problems of material and labor supply are more specifically brought out by other questions and will be developed in subsequent sections of this memorandum.

II. PROBLEMS IN DISTRIBUTION OF RAW MATERIALS

(Answer to committee's first question: "What types of problems have been encountered in the distribution of raw materials?")

The ideal in the distribution of raw materials is the smooth flow of all essential materials to a decided production program. The problems in the distribution of raw materials are all incidental to providing this smooth combination of raw materials in a total-production program.

In order to accomplish a smooth distribution of raw materials, the total demand for each important material for some period of time, or the rate of demand that would fit with the production program, would have to be reasonably accurately known. This would enable the matching of supply and demand and adjusting the program so as to be consistent with supply, or increasing supply within such limits as might be possible to meet the demand.

Discussions of controls of distribution of materials imply a fixed supply to be cut up and passed around. The problem of maximizing the supply to be controlled is, however, a constant field of intense activity. One of the problems in this connection results from the fact that important amounts of scarce materials often must be diverted from immediate use in combat or other essential finished items in order to expand the basic material supply. Other problems of maximizing material supply include the assurance of full labor supply, in proving efficiency of operations, keeping all facilities in continuous use, etc.

One of the most difficult problems in the distribution of raw materials appears at this point, due to the fact that strategic decisions as to size and type and duration of operations must change constantly, as above indicated. Good decisions in terms of efficient production and distribution of required materials would have to be valid decisions for a considerable period of time. The creation of manufacturing facilities for particular products and the creation of additional material supply take periods usually in excess of 1 year. In the meantime, strategic decisions as to the amount of the particular products planned a year before and their nature and their rate of production will be drastically changed by the urgency and nature of operations in the military theaters.

Our military program in general has been one that changed on the side of increase, as was foreseen, but the proportions of the program and the required materials going into landing equipment, aircraft, tanks, equipment for new manufacturing facilities, etc., have changed many times.

The most drastic and sudden of changes take place in connection with the export program, and it should be remembered at all times that we are endeavoring to be the arsenal of democracy and the last resort for all essential supplies that cannot be obtained by the United Nations at home from their own plants. Accordingly, there are emergency exports of basic materials to Russia, to Great Britain and the other theaters of war and of equipment to the same theaters which cannot be predicted and which fall in very substantial amounts in the midst of the plan of action previously decided upon and the commitments already made for production and for the supply of materials to accomplish that production.

The distribution of materials to the manufacturers of essential civilian products should theoretically be one of the simplest problems in that the essential civilian demands, such as necessary transportation, communications, sewage and water systems, not to mention food, clothing, and shelter, are continuing demands. In fact, however, the variety of civilian requirements represents the entire spectrum of products normally made by industry. This demand represents a cross section of our whole normal economy. It is true that a great many products can be completely eliminated in time of war, but it is also true that there is a continuing demand, small in amount, for a very large number of civilian items that can never completely be eliminated. Likewise, the process of reduction of demand for civilian products to the minimum and bare essential quantity produces a rapid change in the rate of production as the normal economy is progressively pared down. The planning of the distribution of materials and the production program that is assumed, to which the materials are to be distributed under the circumstances of enormous variety and a rapidly decreasing curve of civilian production is almost as difficult as the converse situation in the military program, with its equally great variety on a rapidly rising curve of production.

The problem of distribution of materials to meet production requirements is to a very large extent reflected in the problem of translation of requirements

for use into demands upon production, or the translation of the desired total product in all its variety into the amounts of material that must arrive at factories in the various kinds, on schedules appropriate to the desired rate of delivery of final products.

The development of bills of materials for assembled products is a laborious process of building up the material content of each part going into the assembled product. The specifications of every part going into every assembled product tend constantly to change, due to the fact that amounts of scarce materials considered necessary at one time are soon discovered to be subject to reduction or substitution by less scarce materials when intensive work is done on spreading available scarce materials as thinly as possible. Productive equipment being adjusted to particular materials, changes are deferred as long as possible to avoid the necessary changes in machinery and processes going with changed specifications. Therefore, there are constantly developing new changes at late dates which were not planned for in the material-supply program.

Another problem in the distribution of materials arises from the constantly changing relationships between capital construction, assembled product output, and material supply. To provide a clear and dependable picture of the appropriate balance, month by month and year by year, between these factors would necessitate the ability to stop the rapid fluctuation of each part of the program long enough to balance the other parts of the program. This has so far been impossible in view of the rapid development of the war.

A decision is made to expand an aircraft program beyond facilities at the moment of the decision, whereupon buildings and machine tools are contracted for in order to make good the decision on planes. The expansion of the supply of aluminum and magnesium, in turn, calls for increased construction of supply of productive equipment. Other decisions of like nature made on strategic grounds indirectly produce an enormous number of expansion projects, whereupon it is discovered that the aggregate diversion of materials into the projects for expansion is in itself reducing the supply of basic materials that was assumed in making the calculations in the first place. This sequence is never ended.

The problems of distribution of raw materials can, many of them, be referred to the category of elimination of waste. Some wastes occur as above indicated in using greater proportions of scarce materials in specifications than is subsequently found necessary as shortages become more acute. Essentiality of use of a particular scarce material, such as nickel in armor plate, is found in subsequent study to yield to alternate combinations of chrome and other alloys when the use of nickel for parts in aircraft exceeds previous calculations. Essentiality is always a relative term.

Another waste in the use of materials develops from lags or too great accelerations in the rate of delivery. If materials required are delivered too slowly, other material already arrived at the point of production is immobilized, either in raw-material form or in the form of incomplete assembled products or in the form of parts which cannot be matched by their counterparts.

If, on the other hand, delivery of materials is too swift relative to the production program, those materials first arriving will remain immobilized until a balance of required materials arrive at the point of production.

These principles have caused us from the start to prohibit by provisions, in our forms and in our regulations, any deliveries ahead of requirements for usage in production or construction. We realize, however, and plan, that individual scheduling supervision must be provided in each major plant to make this rule effective.

These problems, and many others, have led us to the new methods of distribution which are described in the following section of this memorandum.

III. NEW METHODS OF DISTRIBUTION OF MATERIALS

(Answer to the committee's second question: "Would you describe the distribution methods, reporting procedures, and other controls which have been recently introduced in order to improve the use of raw materials?")

The report of the undersigned introduced in response to Senate Resolution 195, developed methods and plans, actual and contemplated, as they existed in December of 1941 in the Office of Production Management. New methods referred to currently are new in the sense of full application during recent or current periods, but in another sense they are not new in that they have been evolutionary developments based upon plans in contemplation or in beginning stages as long as a year ago.

PRODUCTION REQUIREMENTS PLAN

The most generally extensive new method of distribution of materials, referred to as the Production Requirements Plan, falls within the category just described of plans which are new currently in the sense of first general application to the production program but which have been in contemplation and in evolution throughout the previous year.

This plan, as put into general application, requires every plant in the United States consuming in excess of \$5,000 worth of basic metal in its production during a calendar quarter, to apply each quarter for permission to purchase its requirements of basic material, as called for by its own production schedules. Its application shows primarily the products produced in the previous calendar quarter and proposed to be produced in the next calendar quarter. Likewise, it shows the materials used in production in the previous calendar quarter and those required for the proposed production during the next calendar quarter. Inventories of each material at the closing of the last previous calendar quarter are shown so that allowances of new materials may take into account and require the use of any excess inventories. The policy in connection with inventories permitted has been steadily tightened down as our controls improve, so that a normal allowance of 90 days inventory is tending to become 45 days. When deliveries are undependable, inventories must be longer to prevent shut-downs due to failures of delivery in one or another item. As we succeed in preventing excess purchasing, and in scheduling deliveries more closely, the uncertainty of delivery to those who are given permission to receive material will be reduced. Inventory in greater amount than that which can be corrected by mere subtraction from requests for new materials are being taken over by our Inventory and Requisitioning Branch, as will be developed in a subsequent section of this memorandum.

The necessity for over-all control of materials required for production having become apparent some time ago, an effort was made to expand the operation of the only instrumentality previously developed in this war which covered in its very nature the requirements for all classes of scarce materials required by a particular producing plant, in direct relationship to the product to be produced by that plant and the materials on hand in the possession of that plant. All other forms of control had been based upon an individual treatment of a particular class of material and did not seem capable of extension in such fashion as to provide a means of revealing periodically the entire material requirements of all important producers for all scarce materials with relationship to production and inventory as above.

Use of special controls, based on a careful distribution or supervision of shipments of particular materials, has continued on a monthly basis in the case of the most important scarce materials, and will doubtless continue for some time to come, but the total allowances and permissible purchases for those scarce materials are balanced and given general guidance once every calendar quarter by the Production Requirements Plan.

Beginning with the third calendar quarter of 1942 under the Production Requirements Plan, all manufacturers purchasing metal in basic forms for their operations in excess of \$5,000 per quarter were required to file their production requirements under this plan. These larger producers, numbering, in terms of individual plants having separate inventories, approximately 18,000, in fact filed their requirements for the months of July, August, and September. All such requirements were carefully reviewed and screened and authorizations given to each such plant accordingly. This first effort on an over-all basis to screen and reduce requirements to supposed minimums in terms of permissible production constituted a sweeping experiment, was undertaken in view of the absolute necessity of maximum effort to provide administrative control of the flow of materials, but with considerable uncertainty as to the consequences. While the experiment was not a perfect success, the total authorized purchases by all important metal-consuming plants was, in fact, reduced for the first time within a relatively small degree of excess over available supply. This had the effect of reducing the amount of conflicting demands, as stated by the applicants, approximately 25 percent. If this entire excess of demand had been permitted to impinge upon the short supply of scarce metals, it is fair to assume that the failures of balanced completed assemblies of products which occasionally continue to develop would have been much greater.

There are various necessary conditions for the satisfactory and adequate performance of any general control of the distribution of materials which have not as yet existed but which are gradually being increased for the effective use of the Production Requirements Plan or its successor forms of control.

One necessary condition of success of such control device is the inclusion in the control of all large portions of requirements on some adequate basis of knowledge and control.

The greatest failure in this respect currently is the inability up to the present moment of completely analyzing, summarizing, and controlling the requirements for expansion of productive facilities. Most material requirements for inclusion in construction projects in the nature of increasing facilities go into those facilities indirectly in the form of productive machinery. However, directly and indirectly there is a great need for increasing the adequacy of knowledge as to the total material requirements in our present expansion program and the controlling of those requirements. Steps are in process looking to this conclusion, but general results are not available at the present moment.

Another necessary condition for satisfactory functioning of a general material requirements control is accurate identification of the connection between production requirements stated and the program of finished products to be produced. The production requirements of the final assembler of finished products, for direct consumption by the final assembler, consist to a substantial degree, in fabricated subassemblies and parts and not raw materials. To the extent that the final producer of the finished product, who enters into a direct contract with the Government, requires himself to be supplied with raw materials, the appropriateness of his requirements as stated, in terms of his inventory on hand and his output of product, can be readily checked by Government officers. To the extent that the final assembler buys subassemblies, the accurate identification of the material requirements that are comparable to the programed finished products directly purchased by the Government is, in many cases, difficult, if not impossible, to establish. The producer of motors, bearings, forgings, etc., may be many industrial processing layers removed from the final assembler and the Government.

Up until the present time we have been forced to rely, for identification of requirements, on preference ratings received by producers of subassemblies and parts. It has been true to date that preference ratings on final assembled products, placed there by thousands of procurement officers of the armed services and thousands of officials of the War Production Board and its predecessor organizations, has not been capable of aggregate quantitative control.

The result of this has been that preference ratings, indicating supposed relative urgency of purchase orders and contracts, have in the aggregate exceeded the supply of products, fabricated and unfabricated, for which purchase orders and contracts were placed.

Another new method, again merely evolutionary, but new to an important degree, is the institution of a new series of so-called urgency-rating categories. As the receiver of a bankrupt institution has been known to issue receivers' certificates to come ahead of outstanding mortgages and debentures, in order to be entitled to prime credit and low rates of interest, so AA urgency ratings have been put ahead of the well-known previous preference ratings, but on a controlled basis.

No AA urgency rating can be assigned to production or creation of facilities except in accordance with the latest version of the program of production and expansion. The Army and Navy Munitions Board has prepared a directive covering the last 6 months of the year 1942, reflecting the strategic decisions of the Joint Chiefs of Staff, and the approval of the Chairman of the War Production Board. It is this program which guides the entire placement of AA urgency ratings on military products. The military urgency ratings for the first quarter of 1943 will be ready to apply by next month.

The latest available program for indirect military product and essential nonmilitary product has been inadequate up until the present time but AA ratings are limited in this field, insofar as possible, to those minimum amounts and kinds of indirect military and nonmilitary requirements. For example, no new AA urgency ratings are permitted, in general, on expansion of productive capacity except where basic material supply is thereby increased.

Likewise, high urgency standing is accorded to the minimum of repair and maintenance of essential nonmilitary facilities, including manufacturing establishments and essential services, such as transportation, communication, power, etc. The amounts of production of repair and maintenance items accorded this status (described currently as AA-2X) is limited to a small proportion of nonmilitary production.

There are exceptions to the generalizations above but as the production program becomes more adequately developed exceptions will be fewer. It is intended that ultimately there will be no exceptions except as the reservation of

a "kitty" of scarce materials, parts, equipment, etc., permits the meeting of the exceptional requirement.

Another new method inaugurated with the recent "realignment" of the War Production Board is represented by the determination of a "program" for every requirement that is susceptible of being programed. We have created the Office of the Vice Chairman on Program Determination, with a staff working exclusively on program determination. Insofar as it is possible, no place in the most urgent production program, and no distribution of scarce materials, is permitted except as it accords with a program which has been balanced in terms of supply and conflicting demands.

The mechanism for balancing conflicting demands against American productive facilities is focused around the Requirements Committee, on which sit representatives of the Army, the Navy, Maritime Commission, the Office of Lend-Lease Administration, Board of Economic Warfare, State Department, and the Office of Civilian Supply. When total requirements submitted by each such agency exceed available supply, as is normally the case, the uses to which materials are to be put, and the justifications offered by all claimants, are balanced and decisions made at this point by the Vice Chairman on Program Determination.

Several of the individual material controls have recently achieved degrees of development that distinguish them from previous control of these materials sufficiently to be worthy of special mention. Among these is the control of steel plate. At the present time a program of steel-plate production is set for every month, determining the total of plate that can be produced without too greatly reducing the supply of supplementary shipments of steel that have to be produced in order to make complete ships, tanks, etc. When this plate-production program is set, definite allocations are provided for the Army and Navy, Maritime Commission, Board of Economic Warfare, Lend-Lease, and civilian usage.

It is fair to say that if similarly tight control of the distribution of materials were practicable for all scarce materials the material-control problem could be considered in very good shape. In fact, such control cannot be applied to every form of every scarce material and is possible for plate partly due to the large concentrations of demand where identification of the use is satisfactory. The usage of plate for naval and maritime construction, for tanks and artillery and a few other classes of use, accounts for a large proportion of the total steel-plate production.

Likewise, the control of copper has recently been extended, with the aid of the production code hereinafter referred to, to represent a distribution in terms of the ultimate use to which the copper is put to a greater degree than has ever been possible in the past, and it is believed that the efficiency in the distribution of copper has been greatly improved.

Controls of other specially important materials, such as aluminum, magnesium, nickel, alloy steel, and vanadium, have been relatively satisfactory and highly developed, partly due to the fact that their uses have been less widespread than the all-pervasive steel and copper and their controls, accordingly, more within the limits of administrative feasibility.

There are other new methods recently installed which have not had time to affect the problems of material distribution which have been outlined. Among these are the so-called Production Code, by which it is sought to transmit the information known to the ultimate user of a product as to the purpose for which the product is produced, through the intermediate processing layers of industry, turning out the subassemblies going into those products, to the supplier of the raw materials and the controller of those materials.

Another of those devices is the so-called Contract Production Control, introduced only on an experimental basis to ascertain whether a highly refined and detailed control of the scheduling of subassemblies, parts, and materials can be administered so as to supplement the broad control provided by the production requirements plan. It is too early to tell whether this experiment will be successful.

MATERIALS REDISTRIBUTED BY WAR PRODUCTION BOARD

It is quite evident that despite the grave shortages of vital war material, substantial quantities of such materials have been too long permitted to stay out of war production and to remain in idle and excess inventory. To meet this problem we have adopted a number of devices through which these dead stocks are now being redirected into war production. The test of the effectiveness of these devices will be the extent to which inventories will decline in relation to the volume of

production instead of mounting, as they have in the past. That test lies, however, at least some 6 months in the future, and will be a test not only of our inventory control and material redistribution devices but also of our ability to control the whole flow of the materials needed for war-production purposes.

I have already told you about the methods we have instituted and are about to institute for controlling the flow of materials. Let me now mention several of the devices which we are using to redistribute materials that are in the hands of people who should not have them, or should not have them in the quantities in which they now have them.

(1) We have instituted a regulation (Priorities Regulation No. 13), which makes it possible for persons who have materials that they themselves cannot use because of some War Production Board conservation or limitation order, to sell those materials to others who can use them without having to come to Washington for special permission. This regulation permits and urges the sale of idle inventories through channels which are controlled by the War Production Board. Since such sales of idle material are taking place without reporting each instance to the War Production Board we cannot at this time present you with a measure of the effectiveness of these regulations. We know, however, that the pressure on us to permit special sales has been almost entirely removed since the promulgation of this regulation, and we can therefore assume that the regulation is in fact effective.

(2) We have in addition set up what might be called a clearing house within the War Production Board to which holders of idle and excess inventories can come and be brought together with persons who are experiencing shortages of materials. This "clearing house," acting as broker without fee, makes arrangements for sales of these materials for approved purposes. The following is a partial tabulation of quantities of materials that have thus moved out of idle inventories into active war production:

TABLE I.—*Voluntary sales consummated through Sept. 12, 1942*

Commodity:		
Babassu oil	.....pounds	286, 000
Bolts and nuts	.....do	4, 252, 992
Coconut oil	.....do	413, 734
Copper and brass	.....do	11, 866, 764
Corkboard	.....do	160, 965
Graphite electrodes	.....do	261, 696
Iron	.....tons	1, 273
Lead	.....pounds	1, 464, 077
Locomotives	.....number	14
Lubricating oil	.....gallons	909, 066
Machinery	.....lots	78
Molybdenum concentrates	.....pounds	119, 100
Molybdenum wire	.....feet	3, 670, 000
Nails	.....kegs	11, 788
Palm oil	.....pounds	1, 246, 612
Rubber	.....do	7, 224, 719
Steel	.....tons	30, 398
Tin	.....do	1, 394

We could present a very much longer list of commodities and quantities but even that list would be only a partial measure of the effectiveness of our Materials Distribution Unit, since many of the parties brought together through this "clearing house" do not and are not required to report to us, although sales have actually been consummated.

(3) A much more formal mechanism has also been set up through officially organized purchase programs. Through these programs, the Government, reinforced by its requisitioning power, redistributes idle and excess inventories of specific materials by forcing the holder of these inventories either to sell them to private users or to one of the Government's agencies, organized in conjunction with the Reconstruction Finance Corporation. The tabulation below presents again only a partial picture of the effectiveness of these programs since the amounts allocated do not include the quantities redistributed voluntarily by the holders in accordance with Priorities Regulation No. 13, which quantities have not therefore had to be allocated by the War Production Board.

TABLE 2.—*Summary of programs through Sept. 12, 1942*

Program	Number of reports—		Total allocated (pounds)
	Mailed	Received	
Aluminum	2,594	1,964	23,912,974
Nickel anodes.....	2,604	2,297	1,697,090
Magnesium.....	698	656	94,834
White metal.....	1,300	1,231	1,687,397
Britannia metal.....	79	78	204,427
Copper and brass.....	94,975	39,698	31,200,402

Moreover, this tabulation does not present any data on programs which although organized, have not yet fully begun to function. Among these organized programs are the following:

A manila cordage program designed to pick up over 10,000,000 pounds of manila rope in the hands of some 40,000 wholesalers and retailers who may not sell the rope by virtue of a War Production Board order.

An iridium program designed to pick up iridium and other precious metals vitally needed for war production.

A copper insect screening program designed to pick up 13,000,000 square feet of copper screening in the hands of over 60,000 fabricators, wholesalers, and retailers, who may not sell that screening because of a War Production Board order.

A tin anode program designed to pick up tin anodes and other tin shapes in the hands of tin platers.

A tin oxide program designed to pick up tin oxide in the hands of manufacturers of ceramic enamels who may no longer use the oxide by virtue of a War Production Board order.

A cadmium program designed to pick up cadmium in the hands of manufacturers who may no longer use that cadmium because of a War Production Board order.

In addition, the War Production Board has organized a Steel Recovery Corporation in conjunction with the Reconstruction Finance Corporation. This Steel Recovery Corporation will, within a very short period of time, be ready to purchase idle and excess stocks of all kinds of iron and steel materials.

To date we have had to exercise our requisitioning authority in 273 instances, and through the use of that authority we are able to add substantial quantities to the materials available for war-production purposes, including among others 7¼ million pounds of copper, 11 million pounds of wood pulp, 10¼ million pounds of zinc concentrates, 1,700 tons of rubber, 17,000 bales of silk, 31,000 boxes of tin plate, and 274,000 gallons of toluol.

(4) As the above programs are set up, the War Production Board is put into a position whereby it can, where necessary, purchase the idle and excess inventories that are uncovered as part of the examination of data submitted to us with requests for allocations of materials. We are at this time concentrating on the most critically needed materials, and even then only on the significant quantities of such materials. As our system of allocation becomes more fully coordinated and as our redistribution mechanism grows in size and experience, we expect to be able to do a bigger and better and more effective job.

IV. EFFECTS OF NEW METHODS ON PRODUCTION PROGRAM AND MATERIAL DISTRIBUTION

(Answer to the committee's third question: "What improvements have already resulted from the new methods or can be expected to result in the near future?" and to the committee's fourth question [in part] "and how do the new methods of raw material distribution contribute to the solution of these over-all problems?")

The major effect of the new methods above outlined on the production program and the distribution of materials has been to reduce the proportion of demand that cannot be satisfied, which impinges on the market in conflict with the balance of demand. There is a positive gain in the production picture when material to be received is relatively well known in advance, even though requirements for full production cannot be served. Programs can be adjusted and schedules made to make best use of available material when prospective deficiencies are known.

The reduction of inventory accumulations has been greatly improved by the new methods described. The reduction in stated production requirements over authorized purchases for the months of July, August, and September was largely accomplished at the cost of excess inventories reported under the production requirements plan and subtracted from materials authorized.

Not the least among the effects of the recent methods above described is the preparation for still further improvements made possible by the first stages of these new developments. Since production requirements have been organized by all important producers of metal products and reduced to a quarterly basis, it becomes possible to move forward in the near future into an improvement of the production program itself. One of the next steps in improving the methods described involves the reporting of proposed production in classes of product more adequately organized than available information in the past, so that permissible production can be laid out for each calendar quarter for every class of product. We expect that this next step will be advanced in the preview of the production requirements for the first quarter of 1943 by having each important producer state his requirements and proposed production for every one of a list of 500 products groups, so devised as to include all important products made of metal. On this basis it will be possible, in effect, to produce 500 production programs, adding up into one master production program. This will never be perfect and will constantly be subject to intensive development within each of the 500 classes, but planning will be advanced to the extent that we can program our production.

Several of the more important individual scarce-material controls are described in appendixes at the end of this memorandum. This includes steel, copper, nickel, magnesium, and vanadium.

(Answer to the committee's fifth question: "Would you illustrate the information furnished in answer to questions 1-4 with specific data for steel, copper, or other exemplary critical raw materials?")

Descriptions of the methods of distribution of steel, copper, nickel, magnesium and vanadium appear in supplemental statement.¹

V. ESSENTIAL CIVILIAN PRODUCTION

(Answer to the committee's sixth question: "Would you describe the administrative organization and procedures by which the War Production Board determines the type, amount, and location of essential civilian production?")

Essential civilian production has often been defined, the definition changing with conditions. It is vitally important that we all be clear in our minds as to what that definition is today—and will continue to be until we are within sight of our goal, which is victory. Today, essential civilian production can mean but one thing—that which cannot be identified as directly consumed or used by the military, but which is necessary to sustain civilian life and to the promotion of military operations. Most obviously in this category are food supply, rail, water, and highway transportation of war matériel and its component parts and materials; fuels and electric power for industry, etc. Falling within the essential civilian category is that segment of supply devoted to preservation of the health and safety of the civilian population. That definition is still valid but it means exactly what it says, no more. Our civilian population will in time be engaged almost entirely in occupations contributing in one way or another to military operations. Maintenance of their health and safety is of course vital to the war activity—as vital as maintenance of the fighting effectiveness of our armed forces.

The standard of reference is important, however. That standard is necessity for the promotion of military operations. The effects of wartime supply conditions upon the individual are important only insofar as they bear on the effectiveness of our military effort. In practice, this means that the legitimate demands of the civilian population and civilian supplying industry upon our resources are becoming more and more restricted. This restriction will progress very rapidly until we are completely "stripped for action."

General responsibility for representing the civilian interest and economy in the formulation of War Production Board policy is vested in the Office of Civilian Supply. In executing this responsibility, the Office seeks to determine essential civilian and indirect military requirements and to develop balanced and consistent programs for allocating scarce materials, facilities, and services among competing demands, including allocations among broad categories of use, among different industries and among specific end products. Such programs may cover anything

¹ See p. 13222.

from indirect military and civilian requirements for copper or chlorine to requirements for housing or farm machinery. These programs are prepared after consultation with technical advisers from the various industry and materials branches; participation in industry advisory meetings called by these branches; discussion with other interested governmental agencies such as the Office of Defense Transportation, Office of Petroleum Coordinator, Bureau of Mines, etc.; and analysis of published data concerning the field in question. The information is evaluated and consolidated within the Office of Civilian Supply, where standards for determining the minimum requirements of both the civilian consumers and the industries supporting the war program are developed. The completed programs are presented by the Office of Civilian Supply to the Requirements Committee, the Standard Products Committee and other interdepartmental committees on which the various claimants for raw materials and finished products are represented.

At these committees the total stated requirements of all the claimants are compared with total supplies and reductions made, if required. Where necessary, the programs are then revised to conform to the reduced quotas.

When a decision is reached as to the amount of materials to be allocated for a given purpose, or the quantity of a particular item to be produced, and when a program distributing the quota has been approved, it is the function of the Director General for Operations to implement this determination. Such implementation may take various forms. Conservation and limitation orders, for example, may be issued to restrict the use of scarce materials to specified purposes, force the use of substitutes, limit or prohibit the production of particular items, or simplify and standardize products. Within the framework of the conservation and limitation orders and other regulations, preference ratings for specific amounts of material for particular permitted purposes are assigned to different manufacturers by various mechanisms, the most important of which is, at the present time, the production requirements plan.

Until a short time ago, the major efforts of the War Production Board were directed toward determining the type and amount of production to be permitted rather than the locations at which such production was to be carried on. Recently, however, much attention has been given to the possibilities of concentration of production in particular plants and particular areas, as mentioned in replying to other questions of the committee.

(Answer to the committee's seventh question: "What factors dictate the use of concentration programs for essential civilian production and for what types of industries and products are such programs being developed?")

A general answer is that concentration is considered when some or all firms in the industry are required for and convertible to war production; when permitted civilian production is so restricted as to prevent the economic operation of all firms; when a significant part of the production is continuing in regions or localities in which there are bottlenecks in labor, transport, power, or warehouse accommodation.

In most cases the existence of excess capacity in an industry which is continuing to produce an essential civilian product must be established before concentration of production is considered. At the present time special emphasis is being placed upon the concentration of production in the metal-using industries. Because the war requires the greatest possible conservation of metals, these industries generally have excess capacity for the production of essential civilian type products, and it is for this reason that attention is being devoted to these industries first of all.

The Committee on Concentration of Production has decided not to consider concentrating operations in the wholesale and retail trades for the time being.

(Answer to the committee's eighth question: "What general criteria are used for deciding the plants and areas in which essential civilian production shall be concentrated?")

No universal rules can be laid down for the selection of plants to continue operation ("nucleus plants") at or near capacity. In drafting programs the operating authorities should be guided by the following criteria, but their relative importance depends upon the circumstances of the industry and the conditions which have made concentration necessary. The best judgment available both within the War Production Board and the industries affected must be used in deciding on the relative importance of the criteria in each case and in applying them to the plants in the industry. In most cases the first and second criteria will be by far the most important.

(1) Suitability for conversion to war production: This will mean, as a rule, although not necessarily, that small plants will be given nucleus status and large plants, which are usually better equipped to handle war contracts, will be required to suspend civilian production.

(2) The local labor markets: Civilian production should be suspended in areas in which labor is urgently required in war plants, especially in cases where the labor released by suspending civilian production would be directly transferable to war production. Nucleus status should be given wherever possible to plants in areas in which there is still a surplus of labor (e. g., New York and many rural communities).

(3) Economy of transport: The nucleus firms should be so selected that cross-hauling is eliminated wherever possible and the requirements on the transport system are reduced to a minimum, especially in areas in which regional transport bottlenecks have developed.

(4) Power supply: Production should be suspended or restricted in regions in which the power supply is, or is likely to become, inadequate.

(5) Requirements for warehouse accommodation: This is becoming a serious problem, especially in areas surrounding important ports. By closing and converting factories in these areas we can save the time, labor, and building materials necessary to construct new warehouses.

(6) Efficiency: To save resources and to protect price ceilings, production should be concentrated in the most efficient nonconvertible plants. As a rule, however, relative efficiencies will be extremely difficult to evaluate, and differences in efficiency are likely to be so small that other and more important criteria should control. If the product is standardized when production is concentrated, the suitability of plants to produce the standard lines must be taken into consideration.

VI. MANPOWER

(Answer to the committee's ninth question: "To what extent do the War Manpower Commission and other Federal agencies participate in the formulation of the over-all policy with respect to concentration and the details of the individual concentration program?")

The Committee on Concentration of Production has asked the War Manpower Commission to appoint a consultant to speak for it on questions of general policy. The War Manpower Commission has been the source of all detailed information on labor-market conditions necessary to formulate concentration programs. The Office of Price Administration has been consulted on all programs considered up to this time, and will be consulted on future programs.

Where other agencies such as the Office of Defense Transportation have definite interests in a specific concentration program, they will be consulted by the Committee on Concentration of Production. In cases where power supply is important, the Power Branch of the War Production Board will be asked to provide the necessary information.

(Answer to the committee's tenth question: "The committee has heard a great deal about the difficulties of securing adequate labor for copper and nonferrous mines. Have there been any studies of the potential productive capacity of mines and mills producing nonferrous ores and metals? Have labor shortages resulted in less-than-capacity production of any of these ores and metals?")

PRODUCTIVE CAPACITY OF NONFERROUS MINES AND MILLS

The basis of all activity in the production sections of the commodity divisions is the productive capacity of mines, mills, smelters, and refiners under the jurisdiction of the respective divisions. We have detailed production data of all mines, mills, and smelters, by establishment. The Mining Branch has listed over 8,000 mines, each of which is given a serial number which it is necessary to have in order to obtain priority for materials and repair parts. Through this control we obtain the production data.

DECLINE OF PRODUCTION DUE TO LABOR SHORTAGES

Nearly all the nonferrous-metal mines have been reporting a net loss of labor in recent months and this has been reflected in a lower volume of production. The mine production of duty-free copper fell off nearly 5,000 tons in July. Curtailment of production during the month of August indicates that, with adequate

labor, copper production could be increased 12 percent, molybdenum 15 percent, zinc 20 percent, and tungsten 25 percent. At the time when supplies of these critical materials are barely sufficient for the most important military uses we have been losing production due to labor shortages.

Labor turn-over has been high in nonferrous mining owing principally to the high wages paid in nearby construction and shipbuilding establishments. There has been some loss through the operation of Selective Service but this has been small in comparison to the losses to other industries. Also the mining companies have been complaining that the replacements generally are not quite as efficient as the experienced manpower lost and that this is resulting in a significant drop in output per man per day.

In a recent survey of the Labor Production Division it was estimated that 6,150 additional workers would be needed in domestic mines and mills for the balance of 1942 to augment the present employment of about 54,000. These requirements are for additional labor for the balance of the year and do not include replacement needs resulting from withdrawals due to out-migration, quits, or any other cause. Another total of 2,220 net addition to the labor force would be necessary for the copper, lead, and zinc smelters and refineries. Although the labor requirements might appear to be comparatively small, they are approximately 10 percent of the present employment and a large number of fabricating plants in many different industries employing many hundreds of thousands of workers depend upon the output of the mines.

ACTIONS TAKEN TO RELIEVE LABOR SHORTAGES

From preliminary investigations of the manpower problem in nonferrous metals in May 1942 it became apparent that the activities of several governmental agencies outside of the War Production Board had to be coordinated if this complex problem was to be handled successfully. Steps were taken to bring these agencies together in a joint attack on the problem. A meeting for this purpose was called by representatives of the various branches of the War Department, the War Production Board, the War Manpower Commission, and the War Labor Board. At this meeting a report on the responsibilities of the various Government agencies was prepared and submitted on July 8. Shortly thereafter the International Union of Mine, Mill, and Smelter Workers presented a memorandum on the manpower problem to Wendell Lund, Director of the Labor Production Division. On August 4, Mr. Lund called a meeting of the representatives of the various agencies listed above and of the Office of Price Administration and the Selective Service. A week later this committee was established as a permanent working group under the chairmanship of Mr. H. O. King, chief of the Copper Branch. Since its inception, representatives of the Army-Navy Munitions Board and of the Bureau of Mines have been added to it. The committee has met regularly every week and has served as a clearing house for information on the various aspects of the manpower problem.

As a result of the deliberations of the committee, a series of letters from the heads of the War Production Board, the War Manpower Commission, the War Labor Board, and Selective Service urging miners to stay on the job have been distributed to operators and miners in the mining areas; statements from General Hershey and from General McSherry, describing, respectively, the procedure on deferments of miners and on recruiting facilities of the Selective Service have been distributed to mine operators; the War Manpower Commission is taking steps to introduce training programs into mining properties; steps are being taken to see that the present working force is more fully utilized through training and upgrading of labor, improving working and living conditions (including transportation to and from the job), lowering age and other restrictions on hiring and procuring high priority ratings on mine equipment; data on the manpower aspects of the wage problem were presented to the War Labor Board, enabling it to expedite its consideration of the cases now before it; an order curtailing gold mining as a means of freeing skilled mine labor for more essential operations is being drafted and discussed before the committee.

I approve of the action taken by the chairman of the War Manpower Commission which attempts to stabilize employment in the metal mining, milling, smelting, and refining industries in the critical labor area of the far West by making it necessary for a production worker to obtain a certificate of separation from the United States Employment Service before he can leave his job.

(Answer to the committee's eleventh question: "What responsibility does the War Production Board have in cases where labor shortages limit production? By what organization and procedures does it exercise such responsibility? What has

specifically been done in the case of copper, zinc, aluminum and other nonferrous metals?")

Although primary responsibility for maximum war production is assigned to the War Production Board, the President has given to the War Manpower Commission responsibility for seeing to it that manpower in the necessary quantities and with the necessary skills is made available for war production. Therefore, the first and most important responsibility of the War Production Board is to see that the War Manpower Commission is informed both with respect to production which is immediately threatened because of labor shortages and with respect to future production programs for which the War Manpower Commission must provide labor.

The industry branches of the War Production Board and the regional offices are aware of the responsibility of the War Manpower Commission and keep them currently informed of labor shortages which are interfering with war production. The War Manpower Commission is kept informed of future labor requirements through its membership on the Plant Site Board of the War Production Board which reviews all major facility projects. It is primarily through expansions and new plants that the labor requirements of the war production program are increased. The Procurement Policy Division has worked out with the services numerous modifications in bidding rules and in conditions of contract awards designed to distribute more supply contracts to areas of labor surplus and fewer to areas of labor shortages.

In addition the War Production Board has established a Labor Requirements Committee under the chairmanship of the vice chairman of the War Production Board on Program Determination, which has as one of its functions keeping the War Manpower Commission informed with respect to program determinations which will influence the labor requirements they must provide for. The work of this committee is described in more detail below.

Although primary responsibility for meeting labor shortages is in the hands of the War Manpower Commission, there are a number of ways in which the War Production Board helps the War Manpower Commission to handle this problem. For example, through the labor-management committees organized by the War Production Board much effective work has been done in areas of labor shortages to inaugurate and expand training and upgrading programs and to liberalize hiring specifications.

Many of the regional directors of the War Production Board work in cooperation with the War Manpower Commission in labor shortage areas to develop programs for more extensive training and upgrading and for fuller utilization of women, Negroes, and minority groups. They have helped in many cases to organize community agencies and employer and employee groups behind such programs. In addition, they have frequently been able to work out with war contractors ways of subcontracting or of spreading out production through branch plants which have assisted in reducing labor requirements in congested areas. The program of the War Production Board for concentration and curtailment of production described in some detail above is also worked out in cooperation with the War Manpower Commission and with a principal objective of reducing the seriousness of local labor shortages.

Recently, in order to carry out its responsibilities under directive No. II of the War Manpower Commission, the War Production Board has organized a War Production Board Labor Requirements Committee, which, working under the chairmanship of Mr. J. S. Knowlson, the vice chairman of the War Production Board on Program Determination, is charged with the function of providing to the War Manpower Commission information which can be used by it in labor shortage areas to see that the most essential needs of the war production program are met first. This committee, on which are represented the War Department, the Navy Department, the Maritime Commission, the War Manpower Commission, the Civilian Supply Division of War Production Board and the Director General of Operations of the War Production Board, secures information from all of these sources on the relative importance of various types of war production, on products which have fallen behind schedule and products which are ahead of schedule, on plants or industries whose rate of production has been cut or is threatened with curtailment because of labor shortages, etc.

These data provide the basis for establishing a system of labor priorities which should enable the War Manpower Commission to plan to meet labor shortages in an orderly fashion in conformance with the needs of the war supply program. It is expected that, in order to provide the War Manpower Commission with prompt answers to their questions as well as answers which are based upon a

familiarity with local labor market and war production conditions, the bulk of the work of this committee will be delegated to similarly constituted committees at regional and subregional levels.

It is clear that as the program expands and labor shortages become an increasingly acute problem, additional measures will have to be taken for close cooperation between the War Manpower Commission and the War Production Board in insuring that the supply of labor and the flow of materials are so closely integrated with each other and with the available facilities as to insure the maximum production of the articles needed for a balanced war supply program.

(Answer to the committee's twelfth question: "What are the functions and objectives of the labor-management production committees? Is there any organization within the War Production Board for assuring proper contribution from these committees and for utilizing their suggestions and other activities? How many labor-management production committees have already been set up and what has been their contribution to date?")

FUNCTIONS AND OBJECTIVES OF LABOR-MANAGEMENT COMMITTEES

The function and principal objective of the joint labor-management committees is to increase war production by stimulating and channeling production ideas from workers to the areas within management where they will be most effectively utilized for achieving the utmost war production. This is accomplished both by inspiring the workers to give greater individual effort, and through improving operating efficiency. The specific job of these committees varies according to the immediate production problems facing the plant. Their duties range from handling rallies and giving out publicity material for making the individual worker realize his importance in the war effort, to organizing effective suggestions from workers, to improving production techniques, and further, under present circumstances, to supporting worker morale through full explanation of material shortages and other serious problems facing industry.

I have made it clear from the beginning that the war production drive is a voluntary effort and that it is intended to increase the production of weapons and services now and not to further the special interests of any group. It is not a plan to tear down or add to the power or position of any union, nor is it a plan to interfere with bargaining machinery where it exists or to undertake the functions of such machinery. It is not a plan that contemplates a measure of control of management by labor. It is purely and simply a plan to secure greater plant efficiency through cooperation of both labor and management.

The war production drive has been organized through the production drive headquarters and the Labor Production Division in the War Production Board and has had the active cooperation of the armed services. Headquarters of the production drive plans for and promotes the establishment of joint labor-management committees in all plants, mines, and facilities engaged in war production and coordinates and advises these committees in their efforts to achieve increased production and efficiency. In order to further strengthen the drive, we are in the process of establishing an over-all top committee with labor and management participation.

ORGANIZATION FOR ASSURING PROPER CONTRIBUTION FROM COMMITTEES AND UTILIZATION OF THEIR SUGGESTIONS

The matter of increasing production and plant efficiency has been approached in many different ways by the 1,500 joint committees now functioning. No hard-and-fast rules were laid down in Washington as to the organization and functioning of these committees. It was felt that the plants engaged in war production were so varied as to the kind of production engaged in, the size of their operations, their location, degree of unionization, and other factors that details of organization and activities should properly be a matter for local decision by each committee. We have insisted, however, that they be truly representative of both management and labor in order to secure the full cooperation necessary.

Boosting production is not just a matter of enthusiasm. In addition to the need for sound industrial relations, a big part of the job is using tools, machines, and manpower as efficiently as possible. It was suggested that each committee should give attention to such problems as breaking production bottlenecks, using every machine to the fullest practical extent, adapting old machines to new ones, preventing break-downs, maintenance and repair, good lighting, cutting down accidents, taking care of tools, conservation of materials and elimination of waste, and dealing with transportation problems of workers in the plant.

The scope of these activities are in themselves considerable and involve almost every aspect of production in a plant. Every plant can do more to increase machine and tool utilization. Management wants to increase war production. Workers in and out of trade unions also want to help to this end. Their sons, brothers, and friends are out there in the firing line. They are anxious to provide them with as many and as perfect weapons as it is possible to make. It was important that every person in every plant be given an opportunity to participate in all-out production and to submit and receive serious consideration for his or her ideas for increasing plant efficiency.

IMPROVING PRODUCTION BY WORKERS' SUGGESTIONS

As a vehicle for such participation, we have urged that each committee inaugurate a suggestion system in its plant. Over 500 committees are known to have done so. There are probably many more which have not been reported. Suggestion boxes have been installed at convenient places throughout the plant. Pads and pencils have been put beside these boxes and workers have been urged to submit ideas which will boost production, improve quality, cut down rejections, or do anything else to increase that plant's efficiency. The knowledge and skill of millions of workers have thus been harnessed in the interest of greater production and efficiency. Their suggestions, growing out of close contact with work at the point of the tool, of having to contend with the innumerable bottlenecks, little and big, which tend to develop in any plant, are being submitted by the thousands weekly. They are either adopted, rejected as impracticable for one reason or another, or held for further investigation and research. While suggestion systems are not new in America, we know that the war production drive has resulted in their establishment for the first time in numerous plants. Even in plants where such systems have been in effect, the patriotic impulses stimulated by the drive among war workers have multiplied by several times the number of suggestions which are being turned in.

CASH AND MERIT AWARDS

To stimulate and encourage the submission of suggestions, by those whose duties do not normally require them to do so, many committees are awarding cash prizes in the form of war bonds which often amount to as much as 10 percent of the estimated net annual savings accruing from the adoption of the suggestion. Further stimulation has been achieved by the development of a series of Government awards to suggestors whose ideas have been adopted and found useful. These are the awards of individual production merit which are distributed by labor-management committees themselves; the certificate of individual production merit, awarded by production drive headquarters, and the citation for individual production merit which is awarded by me for outstanding suggestions contributing to the Nation's war production. We have felt that something equivalent to the military honors accorded to members of our armed forces should be available to the production soldiers who have made outstanding contributions to the war effort.

PUBLIC RELATIONS AND MORALE BUILDING

In getting the drive under way in their respective plants, the committees have undertaken important public relations jobs with the workers in their plant. Those of us who are close to the war effort here in Washington do not always realize how remote from the war effort many workers in war plants feel. Many are working away at the same old job of making nuts or bolts or rivets or washers and do not realize that their products are now going into the assembly of ships, planes, tanks, and guns. There are hundreds of thousands of workers who are making parts of larger assemblies which they have never seen. Many have given up jobs in plants or mines performing essential services to go to work in munitions plants because, among other reasons, they believe that they are thereby contributing more to the war effort than they were in the equally essential job they previously held. Many are so little aware of the importance of their jobs as to remain away from work without reasonable excuse. Some few even take it easy on the job. For these and other reasons, it has been found necessary by the committees to bring home to the workers in numerous ways their relationship to the war effort, the urgency of the job they are doing, and the need for more production. Therefore, subcommittees on publicity have been established by many joint labor-management committees.

These subcommittees see to it that appropriate posters and streamers are displayed in the plants, that information stands are set up throughout the plants and kept filled with interesting and informative literature on the war effort generally and on activities in the plant. They set up scoreboards showing the over-all production goal and the daily progress toward that goal. They see to it that transcriptions and recordings are played over the plant public-address system, bringing the urgency of war production home to the workers, that motion pictures taken at the front and in other war plants are shown to the workers.

They also arrange rallies at which prominent speakers, war heroes, torpedoed merchant marine men, and enlisted personnel are invited to speak to the workers in the plant, to tell them how their equipment works in the field, how desperate is the need for more weapons, etc. Representatives of labor and management also speak at these rallies urging the cooperation of workers, foremen, and all those responsible for the organization of work in the plant. Other meetings and rallies are held for the purpose of making awards to individual workers, to promote the sale of war bonds, to emphasize the importance of safe practices and to train workers in first aid.

Publicity committees secure communiques from the armed forces at the front to the workers in the plants, set up correspondence between former workers now in the armed forces and their friends and coworkers in the factory, run plant newspapers which contain war information, and set up displays showing the use of the plant product in final assembly. These are placed where all the workers in the plant can see them.

The sum total of these efforts is to help to produce an attitude in workers favorable to making suggestions, to staying on the job and making extra efforts to increase the quantity of production. The publicity program serves as a tool of the joint labor-management committee in bringing the war home to the workers, in explaining its objectives, and in informing the workers how they can play their full part in the war effort. War production drive headquarters has sent millions of leaflets, posters, streamers, and stickers to the committees to aid in the work. We have also made available to the committees war films, transcriptions, Army and Navy communiques, still photographs of war equipment, and technical and procedural bulletins and booklets for the use and guidance of committee members.

SAFETY AND HEALTH FUNCTIONS

With the rapid increase in war employment and the millions of green workers being brought into mass-production industries for the first time, the problem of providing for industrial safety has multiplied many times. While many plants and mines have had safety and health committees for years, nevertheless even in such cases present-day conditions have required the full cooperation of the joint labor-management committees.

They have made safety surveys of their plants having in mind the safeguarding of machines, the protection of individual workers by means of special clothing and appliances, and the elimination of industrial diseases caused by poor ventilation, dangerous fumes, contact with poisons and industrial chemicals. They have organized special meetings to train workers to safeguard themselves and to teach first aid. They have organized publicity campaigns through posters and plant newspapers to foster safety consciousness among the plant workers. They have encouraged workers to make safety suggestions through the suggestion system and have arranged through the cooperation of management for the provision of first-aid rooms, doctors, and nurses. The subcommittees have also secured and distributed pamphlets on safety and health to workers via information stands.

War production drive headquarters has provided them with safety and health posters, leaflets, and technical bulletins for both committee members and plant workers. This has been accomplished in cooperation with the Division of Labor Standards of the United States Department of Labor, and the United States Public Health Service. We have also arranged through the Division of Labor Standards to make available to the joint labor-management committees the consulting services and advice of almost 500 safety experts who will, on request, actually call on and assist them in planning their work. We have suggested, tried, and proved methods of accident record-keeping and methods for gaging the effectiveness of their safety programs.

TRANSPORTATION FUNCTIONS

Gasoline rationing in our Middle Atlantic and New England States and the rationing of tires throughout the country have suddenly raised a new set of transportation problems for workers in war plants. A high percentage of all American workers have been accustomed to riding to and from work in their own automobiles. During the last 30 years, the availability of automotive transportation has worked a great change in our cities and in the average worker's mode of living. Workers have moved out of cities into suburbs and the nearby country. Industry has also located plants at points sometimes a considerable distance from centers of population. All this has been made possible to a large degree because of the privately owned automobile. Also, for strategic reasons, many of our new war plants have been placed at points remote from centers of population. In spite of temporary war housing, increased bus service, and other provisions, thousands of war workers still find it necessary to travel distances up to 60 miles a day to and from their places of work.

Inability to transport war workers may result in serious curtailment of production. With local restrictions surrounding the hours of operation of many gasoline stations, war workers have found it increasingly difficult to obtain sufficient gas outside of working hours. Those reporting to work before 7 a. m. and working long hours, as well as those on night shifts have often been unable to obtain gasoline without taking time off from work or breaking into their daytime sleep to go to gas stations which are open only between 7 a. m. and 7 p. m. These and other problems have been tackled by joint labor-management committees in an effort to eliminate absences and time lost because of inadequate transportation and to conserve all available rubber on tires as long as possible. Many committees have undertaken to make arrangements with gasoline stations to adjust their hours of business to the working hours of the workers on various shifts on their plants to eliminate the necessity for workers to take time off from work to obtain needed gas.

Car pooling has been a major activity of many committees. Strenuous efforts are being made to reduce the number of cars arriving daily at war plants. The committees have undertaken surveys to determine the number of workers who must travel by car and their place of residence. They have surveyed the condition of these cars and their tires. They have designed and issued questionnaires to obtain the information necessary to affect car-pooling among the workers in the plant and with workers in neighboring plants.

Amendment No. 16 to the tire rationing regulations of the Office of Price Administration has recognized the efficacy of these efforts and the desirability of having joint labor-management committees serve as certifying agencies to local rationing boards where war workers are in need of tires. A certain number of grade 2 tires have been made available to eligible war workers in plants having an organized transportation plan. Such a plan, as defined by these regulations, must do more than provide for ride swapping. It must provide that a particular worker volunteer to drive his car daily and to agree to carry with him, to and from work, four other workers who either have no other mode of transportation or who agree to forego the use of their cars in going to and from work. This program has met with more resistance than ordinary ride swapping from workers and has necessitated a considerable educational program to fully effectuate it. It has become a responsibility and function of many labor-management committees.

CONSERVATION FUNCTIONS

Shortages of materials and the increasing difficulty in many industries of obtaining replacement of machines and tools have accentuated the importance of conserving both materials and equipment in war plants. Numerous ways have been found by committees to assist in this direction and many have established subcommittees to work on this problem alone. Through the suggestion systems many specific ways have been discovered and adopted in which actual raw materials can be conserved in particular plants. Campaigns to raise the quality of production and to reduce rejects have been initiated by committees. Educational programs on the use of machinery to prevent wear and tear are being conducted. Reclamation of materials which were formerly thrown out has been carried on. Salvage programs involving the installation of properly marked receptacles throughout plants in which to segregate rubber, copper, tin, and other scarce metals have been initiated.

War production drive headquarters has bolstered this work of the committees by circulating suggestions and photographs to the committees as to what they might do on conservation and by distributing posters, leaflets, stickers, and other materials to be used by them for educational purposes.

OTHER MISCELLANEOUS FUNCTIONS

In addition to the above functions, many committees have participated actively in war bond purchase drives in their plants, in specific programs aimed to reduce absenteeism, in educational programs to sustain plant morale when material shortages and other unavoidable conditions necessitated temporary lay-offs or shut-downs, in facilitating training programs, and in dealing with housing difficulties of plant workers.

War production drive headquarters has cooperated with committees in these functions by providing general morale-building materials, by serving as a clearing house for workable ideas in the various activities, and by securing for all committees the best information available on material shortages to be used in educational work.

NUMBER OF LABOR-MANAGEMENT COMMITTEES

Since the war production drive is a voluntary program, we cannot compel reports from committees. However, before committees may obtain the complete services rendered by headquarters and submit suggestions for higher awards, they are required to register the name of the chairman of the committee and the names of the labor and management representatives, as well as to give certain other facts as to the number of employees in the plant and the type of war production on which they are employed. From these registrations it is possible to know fairly accurately the number of the joint labor-management committees. In addition to the 1,420 committees which have registered with headquarters as of September 10, 1942, it is estimated that there are between 350 and 400 committees formed and operating in plants which have not formally registered. This is estimated on the known lag in registration as shown by experience to date which ranges from 3 weeks to 2 months. Almost 3,000,000 workers are employed in those plants which have registered.

These have included in greatest number plants producing guns and ordnance equipment, next iron and steel mills, aircraft and parts, synthetic materials, machinery and machine tools, shipbuilding, tanks, engines, anthracite coal, lumber, and many other miscellaneous industries.

With increasing emphasis being placed in recent weeks on directing the drive into the raw-materials producing industries, the number of new committees in these industries is increasing rapidly. During August, 183 anthracite colliery committees registered their entry into the drive. A considerable number of committees have also been established recently in the copper, lead, and zinc mining and refining, lumber logging and milling, and bituminous coal industries.

A recent analysis showed that over 73 percent of the workers in the plants which had established joint labor-management committees are known to be members of trade-unions. The union affiliations of employees are not always reported by committees and it is probable that the actual percentage of employees in trade-unions is considerably higher.

CONTRIBUTIONS OF THE COMMITTEES

Your committee has asked me to comment on the contributions which these committees have made. I think we have started something in American industry of immeasurable value. I don't know just how you can adequately measure the contribution of a program of this sort. Certain it is that a mere description of the activities of these committees gives one the impression that they are busy with a multitude of useful activities directly aimed at increasing production in war plants.

We do not have a required reporting schedule, but we have received thousands of reports from them on their activities. They write us letters. They send us minutes of the business meetings. We have held a number of regional meetings of committee members at which they have described their accomplishments and outlined their problems to us. We have sent field men into some of the plants to see what is happening. From all of these sources, we do have a fairly good idea of what the committees are doing.

But this is a different thing from actually measuring accomplishments in an objective way. We have received many telegrams and letters from committees

reporting that they have broken production records, cut down cars arriving at the plant to a certain percentage, reduced absenteeism by specific amounts, and giving similar facts on other activities. However, we are conscious of the fact that there are many factors, other than the war-production drive, operating in the plants where our committees are functioning and we do not know just how the effect of these other factors can be separated from the contributions of the committees.

The following are some samples from among scores of statements made to us by management and by our committees:

Allegheny Ludlum Steel Corporation, Dunkirk, N. Y.—"For the month of June the Dunkirk plant has made shipments of 7 percent over the largest month that we have ever had in the history of the plant."

Arma Corporation, Brooklyn, N. Y.—"Production throughout the plant is reaching a new high and is continuing to do better."

Bemis Bros. Bag Co., Buffalo, N. Y.—"Our first week of production chart sandbag production went over the top 16.5 percent."

National Battery Co., Depew, N. Y.—"Within 3 weeks after installing the war-production drive for victory the increased volume of production had become so noteworthy that commendation was received from the Assistant Secretary of War."

Johns-Manville, Manville, N. J.—"Proposal from Miss Irma Tobias, head asbestos yarn inspector for the inspection and control department, covers a special rack for checking measured lengths of yarn for test thus saving approximately 10 man-hours per week."

Watson-Stillman Co. Roselle, N. J.—"Production exceeded the quotas in both plants for the month of June."

Westinghouse Electric Elevator Co., Jersey City, N. J.—"April 1, 1942, report was that this company was approximately 25 percent above their production quota at that time. Since that date their production has increased considerably more and they are now approximately 36 percent above their production quota. Noticeable increase in production since the winning slogan was posted."

National Tube Co., Ellwood City, Pa.—"Best production record ever achieved. The hot-finish department, cold-draw department, cold-finish department, specialty department, and tube-reducer department, broke all previous production records and as a total represented the largest amount of finished material shipped (for the present type of product) in the history of this plant."

Parish Pressed Steel Co., Reading, Pa.—"We can safely say that on an average our plant has had a step-up on production output amounting to 8 to 10 percent since our production-drive program has been in effect and we feel that the increase in production will continue to rise as we get further along with the production-drive program."

Vollrath Co., Sheboygan, Wis.—"Output increased from 3,000 pieces per day to 6,000 since establishing War Production Board labor-management committees."

RCA Manufacturing Co., Inc., Indianapolis, Ind.—"Production output of sound equipment for the United States Government during the month of June was 26.8 percent greater than for the highest production output month since Pearl Harbor."

SUGGESTION SYSTEMS

Of the 1,298 active committees reported through August 31, 486 had started suggestion systems and installed suggestion boxes. Reports coming in have shown that hundreds of thousands of suggestions have been turned in by workers but no total is as yet available. Letters have been received from many plant officials stating that the war production drive has acted as a great stimulus to their suggestion systems and has resulted in manifold increases in numbers of suggestions turned in. To date, we have received over 12,000 requests for the Individual Production Merit Awards forms. These are awarded by the labor-management committees for suggestions of high merit which have actually been adopted. The award forms have been available for only the recent weeks. It is not likely that such awards will be made for more than one out of every 25 suggestions. On this basis, approximately 300,000 suggestions have probably been received by committees to date.

TRANSPORTATION PLANS

Two hundred and twelve committees have reported the organization of transportation plans. Actual accomplishments in terms of the reduced number of cars transporting workers to plants are not available. Indications in reports

received are that considerable success in this direction has been achieved by many committees. There has been a substantial reduction in the number of cars carrying no passengers or only one passenger and a similar increase in the number of cars carrying two, three, or more passengers.

TRAINING PROGRAMS

Although, heretofore, training has been regarded in most plants as strictly a problem for the personnel department, now in many plants, labor-management committees have been cooperating in the formulation of plans and policies, and have actually assisted in the training of new workers. One hundred fifty-eight committees have actually reported such activity at the end of August.

MORALE BUILDING ACCOMPLISHMENTS

A considerable number of morale building activities have been carried on by the joint labor-management committees. While all the facts have not been reported the following will give some idea of the extent of this activity:

Over 890 committees have had bulletin boards installed in their plants and have distributed and put up 441,000 posters. These were colored posters of the themes of "More Production," "Better Quality," "Men Working Together," "Save Tires and Rubber," "Eliminate Accidents," "Work Harder," etc. In addition 90,000 placards and 90,000 health posters have been distributed and posted.

Five hundred and twenty-four committees have set up information stands and distributed 6,167,000 leaflets to workers in war plants. These leaflets have been written in simple language and directed at bringing home to workers an understanding of the total nature of this war, and are pictures of the immensity of the production job we have to face. They have also directed their attention to the stake they have in the war. Other leaflets have been descriptive of the purpose of the war-production drive, of necessary precautions to prevent accidents, of simple health rules, of the part a particular industry is playing in the total war effort, etc.

The committees have distributed over 2,500,000 stickers to be put on workers' machines and on their cars. These stickers are directed toward obtaining greater energy, efficiency, and interest in production.

Three hundred and sixty-three committees have designed and erected production scoreboards to help workers visualize the production goal and their daily progress toward that goal.

Four hundred and nineteen committees have conducted slogan contests in their plants. Some contests have been held only once in a particular plant; others maintaining a running contest with monthly prizes of war bonds and cash. These contests have helped to concentrate the thinking of employees on the objectives of the drive. Committees display the winning slogans throughout their plants and in their plant newspapers.

One hundred and ninety-three committees have published or utilized house organs and plant newspapers to further the drive and its objectives.

Six hundred and twenty-two joint labor-management committees have appointed subcommittees to handle various aspects of their programs.

SUPPLEMENTAL STATEMENT BY DONALD M. NELSON, CHAIRMAN, WAR PRODUCTION BOARD, WASHINGTON, D. C.

I. CONTROL OF INVENTORIES

The committee has asked that I cover more fully than in my memorandum submitted at the time of my appearance before it on September 17, the War Production Board's activities in controlling and utilizing existing idle or excess inventories. Specifically, I have been asked to answer these questions: (1) In analyzing Production Requirements Plan applications for materials, how do we determine what constitutes an excess inventory? (2) To what extent have materials been recaptured when excess inventories were located on PRP forms? In this memorandum I shall attempt to answer the committee's specific questions first and then discuss the present shortcomings of the inventory utilization program which we recognize and are attempting to overcome.

The manufacturer reports on PRP, for each material item, his inventory on hand, and the quantity he will withdraw from inventory (requirements). Reported requirements are reduced if Program Determination arrives at the conclusion that there is not enough material available to allow for production of 100

percent of the contemplated program in which the material is to be used, or the requested requirements may also be reduced whenever they seem inflated. Reduced requirements are then compared with his reported inventory. If it appears that his inventory is greater than the minimum level, his receipts are limited to a quantity which, when added to his inventory, provides for 3 months' consumption plus a minimum stock. In other words, excess inventory is reduced to the minimum level by the end of the quarter. The minimum level is defined as approximately 45 days for manufacturing plants, or one-half of the quantity which will be withdrawn from inventory during the quarter. Only enough materials are authorized to leave 45 days' inventory on hand at the end of the quarter after meeting the quarter's production requirements. However, exceptions are made to this definition for special industries. For example, in the ship-building industry, the minimum level for yards constructing ships is 60 days and for yards repairing ships 120 days. It can be seen that inventory control exercised under PRP consists of not allowing a manufacturer to receive quantities from outside sources if his inventory is sufficient to take care of his production requirements. It is believed that an inventory can best be used in the manufacture of the products for which it was purchased, and that over a period an excessive inventory in an individual plant can be eliminated without wastage of material.

Whenever excessive inventories appear on PRP applications a report is made to the Inventory and Requisitioning Branch covering inventories and quantities to be used. An effort is made by the Inventory and Requisitioning Branch to release these inventories to plants needing critical materials for the manufacture of war products. The Inventory and Requisitioning Branch investigates cases of apparent excessive inventories and obtains a detailed list of sizes, types, and gages available for distribution. From this information obtained through the PRP reports, detailed lists are made up showing available supplies of inactive materials. Manufacturers requiring these materials write in requesting certain items in the list. An investigation is made and the nearest supply located. Then the prospective purchaser is placed in contact with the manufacturer who has idle inventories.

For example, over 14,000 firms have reported a total of 111,000,000 pounds of idle and excess inventories of copper and copper-base alloys. Much of the copper reported has been offered for voluntary sale at the Government's prices. That which the owner refuses to sell but which is nevertheless needed for war production will be requisitioned.

Copper and copper-base alloys are now being allocated from idle inventories into strategic war production at the rate of over 4,000,000 pounds a week.

Through the first week in September, 29,700,000 pounds of copper and copper-base alloys had been allocated from immobilized stocks to war production channels through the WPB's copper recovery program, instituted early in July. Of this total, 2,400,000 pounds were allocated for stockpiling to meet future anticipated demands for standard shapes and sizes of mill products; 6,300,000 pounds were reported and allocated as scrap; 9,300,000 pounds were allocated, or known to have been moved for use in existing form under Priorities Regulation No. 13, and 11,700,000 pounds were allocated to brass mills and ingot makers for remelting.

A special unit from the Copper Branch of WPB has been set up in the offices of Copper Recovery Corporation, 200 Madison Avenue, New York, N. Y., to locate copper in the forms needed, and to redistribute it to war plants urgently requiring it because of unforeseen material shortages, plant break-downs, receipt of new war orders or other emergencies. In most of these emergencies, the war plant cannot wait for receipt of the needed shapes from its regular source of supply.

At the present time, emergency requests for copper in various forms are being received from war plants and the armed services at the rate of 500,000 pounds a day. More than half of all these emergency requests are being successfully filled from idle and excess inventories where the materials are located in exactly the form needed, sales arranged and immediate shipments made.

For example, the Howard D. Foley Co., electrical contractors for a Philadelphia armor plate plant, were ordered to complete their work 4 months ahead of schedule. They needed immediately 52,000 pounds of copper cable and copper bar which was not scheduled from the regular suppliers for 90 days. They placed their problem before the Copper Recovery Corporation, and within 24 hours, all but 2,000 pounds of the material was located in the inventories of companies in five different states. Sales were arranged and the needed copper delivered.

A tank production line was kept in operation when copper tubing, urgently needed by the American Car & Foundry Co., was located at the Frigidaire divi-

sion of General Motors in Dayton, Ohio, the Noland Co. in Newport News, Va. and the Westinghouse Manufacturing Co., Mansfield, Ohio. All three firms quickly cooperated by voluntarily selling the tubing from their idle inventories and production was maintained.

A production line of aircraft instruments of P. R. Mallory & Co., Indianapolis, Ind., needed brass in a number of forms, and could not wait for special shipments from regular suppliers. The brass was located in the inventories of nine different companies in seven nearby States, sales were arranged and the production line was kept moving.

The Lockheed Aircraft Corporation at Burbank, Calif., was in immediate need of special copper cable to avoid a break-down on one of its welding machines, which was working day and night. They appealed to the WPB Inventory and Requisitioning Branch field office in Los Angeles. The material was located in the inventory of General Motors of Southern California, a private sale arranged, and the welding machine was kept going.

The Lee C. Moore Co. of Pittsburgh, Pa., working on an important Navy contract, had a crane break-down and needed a special type of trolley wire at once. It would take 6 weeks to get it from the manufacturer. The Inventory and Requisitioning Branch office in Pittsburgh located the wire in a plant 50 miles away.

In Jacksonville, Fla., Army engineers sent in a hurry call to the Copper Recovery Corporation for 50,000 pounds of copper cable for completion of special communications lines. The cable was located in the inventory of a firm in Wilson, S. C., which voluntarily sold it direct to the Army.

The copper recovery program is one of a number of similar recovery programs instituted by the Inventory and Requisitioning Branch of WPB in cooperation with the Metals Reserve Co. and other WPB branches. In the copper program, inventories of idle materials are being secured from approximately 100,000 firms and individuals. A master inventory is kept in New York, and inventory sheets are regularly distributed to WPB field offices, so that whenever possible material may be supplied from inventories of companies adjacent to the war plants needing it.

The Steel Recovery Corporation, which will function in much the same way as the Copper Recovery Corporation, is now setting up its offices in Pittsburgh and will shortly institute a Nation-wide program to redistribute idle and excess inventories of steel and steel products.

Idle inventories frozen by limitation and conservation orders were released by Priorities Regulation No. 13, issued July 7, 1942. Under this regulation rules are set up which facilitate the transfer of excess inventories. Every manufacturer who reports high inventories on PRP forms receives a copy of Regulation No. 13 together with a letter explaining its provisions and urging him to distribute his excess inventories through these channels. Later a field representative of the Inventory and Requisitioning Branch calls upon the manufacturer to collect facts and arrange for the transfer. In addition, transfer of excess inventories has been accomplished on a less formal basis by representatives of WPB making compliance investigations in each plant. When an excess inventory is discovered in a plant, it is reported to the WPB field office by the investigator. The investigator then urges manufacturers in the district to contact the nearest field office if they cannot obtain critical materials. In this way needs for materials are satisfied from sources of supply in nearby plants.

There are still serious gaps in our system of inventory utilization. Most of them are symptoms of the early stage of our experience with this very complex problem. We are cognizant of the most serious gaps, and are aiming at closing them.

The most serious gap at this time results from our inability to schedule closely the delivery of all critical materials to all plants requiring them. Since the function of an inventory is to cushion the consumer's production schedule against variations in the rate of flow of materials to him, the size of the inventory he must be allowed varies directly with the risk of an interrupted flow. Until we succeed in refining our controls over materials distribution, two kinds of excess inventories must be permitted manufacturers: (1) an over-all stock large enough to protect their production schedules against uneven flow of material receipts, and (2) stocks of some materials not immediately usable because of temporary inability to secure individual "bottleneck" materials or parts.

Probably our largest recapture of inventories will result from the reduction of working stocks which our improving material distribution controls will permit. Included among inventories which can be reduced as greater assurance of an even

flow of materials can be provided, are those in the hands of Army and Navy Establishments. The operating and field officers in charge of Army and Navy installations are increasingly showing themselves to be aware of the need for keeping inventories of raw and semifinished materials at as low a level as is consistent with realistic military necessities. The Services are not only steadily improving their procedures for keeping inventories of raw and semifinished materials down, but they are also organizing to find ways to transfer materials from one use to another wherever excessive inventories are found. A problem of considerable magnitude still exists, but we are aware of it and are moving to work it out with the aid of the operating Departments. As to finished military items, it will be necessary to continue to pile up inventories for some time to come in anticipation of future strategic moves.

Our coverage of the location and ownership of inventories which may be useful in war supply is not yet complete. The problem of wholesale and retail inventories is one on which we have been working for some time. It is a difficult problem, not only in the collection of factual data but, more important, in evaluating the adequacy of stocks on hand in individual cases. We are about to initiate manufacturers, wholesalers, and retailers in the technique of keeping records of inventories in relation to sales. The larger units in these businesses (those with annual sales of \$100,000 or more and inventories of \$25,000 or more) will be required to keep records quarterly of their inventories and of the ratio of their stocks to sales. They will compute their average ratio of stocks to sales in corresponding quarters of 1939-40, which will be used as standards against which to measure current inventory turn-over. The keeping of these records by businessmen is intended both to educate them in evaluating their own inventories in terms of sales volume, and to provide us with a basis for determining whether or not the inequitable distribution of inventories in the marketing system shown by our research to exist this spring and summer is being evened out. If, by a sample check of these records, it is discovered that sufficient progress is not being made toward a more equitable distribution of inventories and that inventories in the hands of certain types of distributors and in certain areas of the country are still disproportionately large and prejudicial to the interests of smaller operators and consumers in other areas, we will take steps to remedy the situation. On the basis of the information now at hand, it seems that various forces are working toward a more equitable distribution of inventories. We do not, therefore, want to set up elaborate administrative machinery to correct a situation which may correct itself. By initiating a record-keeping system such as that outlined above, we expect both to learn the true facts and to lay the groundwork for administrative control if it proves necessary.

Our knowledge of inventories has evolved largely as a byproduct of our efforts to control the flow of materials. In the main, we become aware of their existence, therefore, in connection with a seller's request for permission to deliver, or a buyer's request for permission to receive the material in question. There may still be substantial quantities of critical materials owned by speculators or by consumers who have not requested permission to buy or use additional amounts, and whom we therefore do not control. The procedures under Priorities Regulation No. 13, and the individual purchase programs described in chapter III-A of my memorandum to the Committee, are designed to get at most of these immobilized stores. We will have to do more.

There may be inaccuracies in the reports of inventories which we have received from holders—specific data received in connection with PRP and the individual material allocation systems, and the general statements that inventories are at minimum working levels, required of all applicants for priority assistance. This is a matter of compliance. We intend to become stricter in securing compliance, and are strengthening our policing activities to that end.

We have been slow in invoking the requisitioning power to compel slow or recalcitrant owners to part with their holdings. This is partly because we believe strongly that voluntary means should be proved incapable before compulsion is resorted to. Also, however, the mechanics of requisitioning have been slow and cumbersome, partly by nature, and partly because they are new tools in our hands. In the future we will be quicker to use our requisitioning powers.

Because we have only just begun to tackle the job of redistributing inventories we have hit the high spots first. The large and obvious accumulations have occupied a substantial part of our time in the initial stages of the work, as is desirable in the interests of efficiency. We will get down to the smaller and less obvious stockpiles before we are through.

Our efforts to date have been concentrated on redistributing stocks of raw materials and those in early stages of fabrication. Our conservation and limitation orders, as well as rationing regulations, have stopped a great deal of manufacturing in its tracks. Inventories of semifabricated materials, parts, and products therefore stand idle. Finished products, plumbing and heating equipment, for example, have been manufactured but cannot be installed. This is a field into which we have hardly ventured. We are proceeding cautiously in order that existing inventories of partly and completely manufactured items can be used most economically. In other words, we do not want to melt down as scrap anything which can be used in war or essential civilian production "as is" or with further processing. Neither do we want to destroy any frozen finished products which we may need before the war is over. We do not intend, however, to freeze in disuse any manufactured products containing materials useful in war production merely because of the financial loss which would be involved in reducing them to useful form.

Finally, the utilization of existing idle inventories poses problems not present in utilizing "new" materials. In no single place is there a complete assortment of grades, forms, sizes, etc., upon which to draw. Much of the material available has been specially fabricated for a particular use, and is not readily adaptable to other uses. We are meeting this problem partially by such devices as the weekly catalog of available copper stocks distributed to field offices. Much of the work, however, involves finding the right use for a particular lot of material and will continue to be a slower job than that of putting to use an equal quantity of new material.

II. CONTROLLING THE FLOW OF MATERIALS INTO WAR AND ESSENTIAL CIVILIAN PRODUCTION

The problem of controlling the flow of materials into war and essential civilian production is a many-sided and extremely complicated one. I should like to be able to report to you that this problem has been completely solved. Realism, however, compels me to report that much more information must be secured, that much more experience in using information must be gained, and that much more skill must be developed in government, before we can say that all major aspects of the problem of controlling the flow of materials are being satisfactorily handled.

For this conclusion I feel no need to offer alibis. In my judgment the fact is that since last December 7 the flow of materials into war and essential civilian production has been steadily moving toward the national objective of maximum utilization of all available resources.

It is not my intention at this time to attempt a detailed description of the paper work now used or under consideration for aiding in our task of securing maximum utilization of materials. On the other hand, I should like to point out that there is one basic principle which should govern all paper-work systems used in this connection.

That principle may be expressed thus: Flow of materials is a physical fact, and is a part of the composite sets of physical facts which, taken together, go to make up production of finished products. Labor, machinery, materials, and management are what do the actual work. All these productive forces must be synchronized and kept in good working balance. Shortages or overages in any one productive element, at a given place and time, interfere with maximum utilization of production facilities. The prime movers in getting production out of materials, labor, and machinery are the innumerable plant managers throughout the Nation. The principle which should govern paper-work aids used by Government is that such paper work must so far as possible function to serve the production needs of managements.

What Government must do, through whatever paper-work systems we may use, is to inform industry, in effect, of Government's decisions on the following questions:

- (1) What kinds of finished products do we need to receive?
- (2) What quantities of these finished products will be needed at stated time periods?
- (3) At what rates will scarce materials be available for the producers and subproducers who are asked to combine their efforts in making the desired finished products?
- (4) By what mechanisms will producers and subproducers be permitted to obtain the needed scarce materials at the appropriate times?

The answers to the first two of these questions tell industry what the demand is for finished products in kinds, quantities, and times. The answer to the third question describes the scarcity aspect of the materials-supply problem, and the answer to the fourth question establishes the rules by which supplies of scarce materials will be made available to producers and subproducers.

It seems appropriate to emphasize at this point that the need for Government aid in controlling the flow of scarce materials does not imply a need for eliminating production managers' decisions as to what is needed and when it is needed. On the contrary, Government aid in controlling the flow of scarce materials is needed only because there is a scarcity of materials, not because there is a scarcity of managerial skills and talents. This point may be demonstrated readily by making one assumption, i. e., the assumption that there is no scarcity of any material. Such in fact was the case during the earliest stage of the rearmament program. In that stage the flow of materials was allowed to operate normally. Industrial planners in plants holding military contracts, whether private plants or Government-owned plants, were expected to place ordinary commercial orders for delivery of needed materials at such times as experience dictated to be correct.

As scarcities developed, because military demands began to overtake and then to outrun the capacity to produce materials—raw, semifabricated, and fabricated, to the point of subassemblies—then and then only were Government controls called for.

There are two basic reasons for instituting governmental controls over the flow of materials. The first reason is that Government alone can make the over-all strategic decisions as to relative urgencies of the needs for finished products. The choice, for instance, between directing the flow of steel into finished tanks, or railroad locomotives, or passenger automobiles, cannot be left to private judgment or to competitive bidding in the marketplace. The second reason is that the normal calculations of industry for determining amounts and delivery dates of required materials are based on plant-profit factors, including prestige for reliability in making finished-product deliveries rather than on maximum quantitative utilization of all the Nation's productive resources.

The two primary objectives, then, of Government aids in the control of material flow are: First, to assure direction of materials and programming of finished-goods production into most urgent uses as dictated by military and economic strategy; and second, to guard against excess purchases which would overinsure against failures of delivery. The degree of strategic balance between end-product programs, in the first connection, and of operating balance, or timing, in the use of materials and production of components in the second, is a common test of the quality of achievement of both objectives.

The first objective, of directing materials and programming finished-goods production into most urgent needs, has been approached, at successive stages of scarcity, by various devices, including voluntary priorities, limitation and curtailment orders, compulsory preference ratings, allocations, allotments, and quotas. These devices to date have served their strategic purpose fairly well. If there are valid complaints to be made, I believe they should be directed against the slowness with which certain strategic decisions as to kinds, quantities, and timing of production have been made. There is still too large an area in which materials find their way into goods which are on or even beyond the border line of essentiality. On the whole, however, I am impressed with the success of the materials controls in aiding the great bulk of our production efforts, and with the success of industry in meeting the demands put upon it.

There is much more doubt, however, concerning our effectiveness in meeting the second objective of Government control over the flow of materials, namely, getting the maximum utilization of available scarce materials once they have been directed into strategically urgent channels of production. There are large gaps in our factual knowledge, concerning the myriads of needs which must be satisfied, between the producing of raw materials and the final assembly of components into finished products ready for use. There are large gaps in our experience in dealing with shifting delivery schedules, with changing technological processes, with peaks and valleys in the output or importation of primary materials.

The problems presented by our lack of information, of experience, and of final determinations of essentiality are matters of grave concern, not only to the War Production Board but also to the several procurement agencies responsible for military victory. To these problems we long have been and still are giving fullest consideration.

Our current efforts in this connection are to devise mechanisms which will function more precisely and thus give greater aid to industry in its task of achieving maximum utilization of all productive resources in the shortest possible period

of time. These more precise mechanisms should assure that enough, but only enough, materials will flow to the needed points at the proper times. Several new mechanisms aimed at this purpose have been recently proposed and are under intensive study. One is being tried out on a small scale.

All these proposals rely in the first instance on the skills of management—private and in Government-operated plants—in calculating tonnages and delivery schedules needed for maximum output on military schedules and on permitted essential civilian goods.

In this brief review of the problem of controlling the flow of materials, I should like to offer two general observations. The first is to reiterate and to emphasize the vast scope of the task our Nation is doing. We are establishing the greatest military production system in history, and I believe it no exaggeration to say that the ultimate victory of the United Nations, military and economic, will be based upon our capacity to outproduce the entire enemy production network. This is so vast an undertaking that it requires a complete change-over from ordinary competitive practices and management techniques, to a new kind of management-thinking. Millions of new decisions must be made throughout the Nation as well as in Washington. For these new decisions we obviously have very little basis in past experience. We know but one thing surely: We must achieve maximum production.

The other general observation concerns the speed with which this maximum output must be reached. In ordinary times, new industrial decisions and techniques evolve slowly, each typically requiring a period of several years or more. In the present grave emergency there is no time for such careful, deliberate, and time-consuming procedures. We must act just as rapidly as we can—learning at the same time that we are doing.

INTRODUCTION OF EXHIBITS

Mr. LAMB. Mr. Chairman, I should like at this time to offer for the record a group of exhibits which will serve to supplement the hearings here.

Because of the necessity of making accessible to the Members of Congress and other readers the Executive Order setting up the War Manpower Commission and the subsequent directives issued by the chairman of the War Manpower Commission we wish to print them, together with other relevant material, as exhibits to this hearing.

The CHAIRMAN. The exhibits will be made a part of the record. If there is nothing further the committee will stand adjourned. (Whereupon, at the hour of 12:25 p. m., the committee adjourned.) (The exhibits referred to appear on following pages.)

EXHIBITS

EXHIBIT 1.—EXECUTIVE ORDER ESTABLISHING THE WAR MANPOWER COMMISSION

EXECUTIVE ORDER ESTABLISHING THE WAR MANPOWER COMMISSION IN THE EXECUTIVE OFFICE OF THE PRESIDENT AND TRANSFERRING AND COORDINATING CERTAIN FUNCTIONS TO FACILITATE THE MOBILIZATION AND UTILIZATION OF MANPOWER

By virtue of the authority vested in me by the Constitution and the Statutes, including the First War Powers Act, 1941, as President of the United States and Commander in Chief of the Army and Navy, and for the purpose of assuring the most effective mobilization and utilization of the national manpower, it is hereby ordered:

1. There is established within the Office for Emergency Management of the Executive Office of the President a War Manpower Commission, hereinafter referred to as the Commission. The Commission shall consist of the Federal Security Administrator as Chairman, and a representative of each of the following Departments and agencies: The Department of War, the Department of the Navy, the Department of Agriculture, the Department of Labor, the War Production Board, the Labor Production Division of the War Production Board, the Selective Service System, and the United States Civil Service Commission.

2. The Chairman, after consultation with the members of the Commission, shall:

- a. Formulate plans and programs and establish basic national policies to assure the most effective mobilization and maximum utilization of the Nation's manpower in the prosecution of the war; and issue such policy and operating directives as may be necessary thereto.
- b. Estimate the requirements of manpower for industry; review all other estimates of needs for military, agricultural, and civilian manpower; and direct the several departments and agencies of the Government as to the proper allocation of available manpower.
- c. Determine basic policies for, and take such other steps as are necessary to coordinate, the collection and compilation of labor market data by Federal departments and agencies.
- d. Establish policies and prescribe regulations governing all Federal programs relating to the recruitment, vocational training, and placement of workers to meet the needs of industry and agriculture.
- e. Prescribe basic policies governing the filling of the Federal Government's requirements for manpower, excluding those of the military and naval forces, and issue such operating directives as may be necessary thereto.
- f. Formulate legislative programs designed to facilitate the most effective mobilization and utilization of the manpower of the country; and, with the approval of the President, recommend such legislation as may be necessary for this purpose.

3. The following agencies shall conform to such policies, directives, regulations, and standards as the Chairman may prescribe in the execution of the powers vested in him by this Order, and shall be subject to such other coordination by the Chairman as may be necessary to enable the Chairman to discharge the responsibilities placed upon him:

- a. The Selective Service System with respect to the use and classification of manpower needed for critical industrial, agricultural and governmental employment.
- b. The Federal Security Agency with respect to employment service and defense training functions.

- c. The Work Projects Administration with respect to placement and training functions.
- d. The United States Civil Service Commission with respect to functions relating to the filling of positions in the Government service.
- e. The Railroad Retirement Board with respect to employment service activities.
- f. The Bureau of Labor Statistics of the Department of Labor.
- g. The Labor Production Division of the War Production Board.
- h. The Civilian Conservation Corps.
- i. The Department of Agriculture with respect to farm labor statistics, farm labor camp programs, and other labor market activities.
- j. The Office of Defense Transportation with respect to labor supply and requirement activities.

Similarly, all other Federal Departments and agencies which perform functions relating to the recruitment or utilization of manpower shall, in discharging such functions, conform to such policies, directives, regulations and standards as the Chairman may prescribe in the execution of the powers vested in him by this Order; and shall be subject to such other coordination by the Chairman as may be necessary to enable the Chairman to discharge the responsibilities placed upon him.

4. The following agencies and functions are transferred to the War Manpower Commission:

- a. The labor supply functions of the Labor Division of the War Production Board.
- b. The National Roster of Scientific and Specialized Personnel of the United States Civil Service Commission and its functions.
- c. The Office of Procurement and Assignment in the Office of Defense Health and Welfare Services in the Office for Emergency Management and its functions.

5. The following agencies and functions are transferred to the Office of the Administrator of the Federal Security Agency, and shall be administered under the direction and supervision of such officer or employee as the Federal Security Administrator shall designate:

- a. The Apprenticeship Section of the Division of Labor Standards of the Department of Labor and its functions.
- b. The training functions of the Labor Division of the War Production Board.

6. The National Roster of Scientific and Specialized Personnel transferred to the War Manpower Commission and the Apprenticeship Section transferred to the Federal Security Agency shall be preserved as organizational entities within the War Manpower Commission and the Federal Security Agency respectively.

7. The functions of the head of any department or agency relating to the administration of the agency or function transferred from his department or agency by this Order are transferred to, and shall be exercised by, the head of the department or agency to which such transferred agency or function is transferred by this Order.

8. All records and property (including office equipment) of the several agencies and all records and property used primarily in the administration of any functions transferred or consolidated by this Order, and all personnel used in the administration of such agencies and functions (including officers whose chief duties relate to such administration) are transferred to the respective agencies concerned, for use in the administration of the agencies and functions transferred or consolidated by this Order; provided, that any personnel transferred to any agency by this Order, found by the head of such agency to be in excess of the personnel necessary for the administration of the functions transferred to his agency, shall be retransferred under existing procedure to other positions in the Government service or separated from the service. So much of the unexpected balances of appropriations, allocations, or other funds available for the use of any agency in the exercise of any function transferred or consolidated by this Order or for the use of the head of any agency in the exercise of any function so transferred or consolidated, as the Director of the Bureau of the Budget with the approval of the President shall determine, shall be transferred to the agency concerned, for use in connection with the exercise of functions so transferred or consolidated. In determining the amount to be transferred, the Director of the Bureau of the

Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer or consolidation.

9. Within the limits of such funds as may be made available for that purpose, the Chairman may appoint such personnel and make provision for such supplies, facilities, and services as may be necessary to carry out the provisions of this Order. The Chairman may appoint an executive officer of the Commission and may exercise and perform the powers, authorities, and duties set forth in this Order through such officials or agencies and in such manner as he may determine.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
April 18, 1942.

EXHIBIT 2.—DIRECTIVES I—XII ISSUED BY THE CHAIRMAN OF THE WAR MANPOWER COMMISSION

DIRECTIVE NO. I

To United States Employment Service, to maintain lists of essential activities and essential occupations.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission that the measures hereinafter set forth will promote the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The United States Employment Service, after consultation or collaboration with the War Production Board, the War Department, the Navy Department, the Department of Agriculture and such other departments and agencies as it may deem appropriate, shall prepare and keep current, for its own use and for the use of appropriate departments and agencies of the Federal Government, (a) lists of essential activities; (b) lists of essential occupations; and (c) lists of critical war occupations.

II. Each list of essential occupations and of critical war occupations prepared by the United States Employment Service pursuant to this directive shall either contain a simple description of each occupation therein listed, and the minimum training time or experience required by an untrained individual in order to attain reasonable proficiency therein, or shall make reference to a readily available text, document or compilation of data wherein such description or required training time or experience is recorded.

III. As used in this or any other directive prescribed under Executive Order No. 9139, unless the context requires otherwise:

(a) Essential activities include (1) essential war activities, (2) any activity required for the maintenance of essential war activities, and (3) any activity essential to the maintenance of the national safety, health or interest;

(b) Essential war activities include the production, repair, transportation or maintenance of equipment, supplies, facilities or materials required in the prosecution of the war by the United States and by the other United Nations:

(c) An essential occupation means any occupation, craft, trade, skill or profession, required in an essential activity, in which an untrained individual is unable to attain reasonable proficiency within less than six months of training or experience;

(d) A critical war occupation means an essential occupation, found by the United States Employment Service to be one with respect to which the number of individuals, available and qualified to perform services therein, is insufficient for existing or anticipated requirements for essential activities;

(e) The United States Employment Service means the United States Employment Service in the Social Security Board in the Federal Security Agency.

IV. This directive may be cited as the "Essential Activities and Essential Occupations Directive."

PAUL V. McNUTT,
Chairman, War Manpower Commission.

JUNE 24, 1942.

DIRECTIVE No. II

To War Production Board, to furnish information as to relative importance of critical war products.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission, that an insufficient number of available workers, qualified to perform work in certain essential occupations, renders it necessary that the War Manpower Commission be currently advised as to the relative importance, in the effectuation of the national war supply program, of filling job openings in establishments whose products or services are required for that program, and that the measures hereinafter set forth will promote the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The War Production Board, with the aid of the War Department, the Navy Department, the Army and Navy Munitions Board, the Maritime Commission, the Department of Agriculture, and such other departments and agencies as it may deem appropriate, shall furnish to the War Manpower Commission, current information with respect to the relative importance, in connection with the maintenance and effectuation of the national war supply program, of filling job openings in plants, factories or other facilities whose products or services are required for that program.

II. To that end, the War Production Board, with the aid of such departments and agencies, shall take such action as may be necessary or appropriate to transmit to the War Manpower Commission at its headquarters as well as in the field, information pursuant to paragraph I hereof, in a manner which will assure close contact and collaboration in all areas of operation.

III. The War Production Board, after consultation with the War Department, the Navy Department, and the Maritime Commission, shall designate whether, or the extent to which, any information furnished pursuant to this directive constitutes confidential information and may indicate the manner in which the confidential character of any such information shall be safeguarded.

IV. The War Manpower Commission shall observe and enforce, in every detail, the instructions of the War Production Board with respect to safeguarding the confidential character of any information made available to it pursuant to this directive.

V. The War Production Board shall to the maximum extent practicable notify the War Manpower Commission of any information made available pursuant to this directive within such period prior to the date or dates when workers will be required in connection therewith, as may be necessary to enable the recruiting facilities of the United States Employment Service and other appropriate agencies to be fully utilized.

VI. This directive may be cited as the "Critical War Products Directive."

PAUL V. McNUTT,

JUNE 24, 1942.

Chairman, War Manpower Commission.

 DIRECTIVE No. III

To United States Employment Service, to accord certain placement priorities.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission that the war production program requires that priorities be accorded in the recruitment of workers for and the placement of workers in essential activities and that the measures hereinafter set forth will promote the proper allocation and the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The United States Employment Service shall take such action as may be necessary or appropriate to assure that:

(a) Each local public employment office exerts its maximum efforts, including the utilization of all personnel, funds and facilities at its disposal, to expedite the recruitment and placement of all workers required for essential activities in preference to undertaking or continuing to recruit or place workers for any other activity; and

(b) Referrals are made to job openings for workers required for essential occupations, irrespective of the location of the work, in accordance with the relative

need for filling such job openings under the national war supply program, as shown by information made available by the War Production Board pursuant to the Critical War Products Directive.

II. If the United States Employment Service, on the basis of its own information or of authoritative information from other sources, has reason to believe, with respect to any plant, factory, or other facility, hereinafter referred to as an employing establishment, that:

(a) The wages and conditions of work are not at least as advantageous to a worker referred to a job opening therein, as those prevailing for similar work in similar establishments in the industrial area; or

(b) Proper measures have not been or will not be instituted to reduce or eliminate its use of or need for workers in critical war occupations by effective utilization, through training, upgrading, appropriate personnel transfers and job simplification, of the workers employed in such establishment; or

(c) Its need for additional workers in critical war occupations can be reduced or eliminated by the transfer of workers, employed in nonessential activities in such establishment or in another employing establishment, under the same ownership or control in the industrial area; the Director of the United States Employment Service may provide for excepting such establishment from the provisions of paragraph I hereof, subject to such policies, conditions, and standards as the Chairman of the War Manpower Commission may approve.

III. This directive may be cited as the "Placement Priorities Directive."

PAUL V. McNUTT,

Chairman, War Manpower Commission.

JUNE 24, 1942.

DIRECTIVE NO. IV

To United States Employment Service, to encourage transfers to essential activities.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission, that the national war supply program requires that increased efforts be made to encourage each individual who is unemployed or is not engaged in an essential activity but is capable of performing services in an essential occupation and is needed for such activity, to accept, through the United States Employment Service, suitable work in an essential activity and that the measure hereinafter set forth will promote the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The United States Employment Service shall, as expeditiously as possible, complete an occupational classification of each registrant under the Selective Training and Service Act of 1940, on the basis of his Selective Service Occupational Questionnaire.

II. The United States Employment Service shall request each such registrant whose occupational questionnaire indicates that (a) he is qualified to perform services in an essential occupation and (b) he was not, as of the date of his filing of such questionnaire, utilizing his highest skill in an essential activity, to report to his nearest public employment office. If, through its interview of any such registrant or from other sources, the United States Employment Service finds that he is capable of performing services in an essential occupation and is not utilizing his highest skill in an essential activity, the United States Employment Service shall exert all reasonable efforts to persuade such registrant to transfer to suitable work for which he is needed in an essential activity.

III. The United States Employment Service shall maintain a complete record of and submit a full report to the Chairman of the War Manpower Commission with respect to (a) each case in which a registrant, after being offered suitable work in an essential activity pursuant to paragraph II hereof, has, without good cause, refused to accept such work, and (b) each case in which an employer or his representative, has directly or indirectly, in any manner, dissuaded or deterred or attempted to dissuade or deter, from so transferring, a registrant in his employ who is requested by a public employment office to transfer to work in an essential activity pursuant to this directive.

IV. This directive may be cited as the "Directive to Encourage Transfers to Essential Activities."

PAUL V. McNUTT,

Chairman, War Manpower Commission.

JUNE 24, 1942.

DIRECTIVE NO. V

To Director of Selective Service, concerning occupational deferments for individuals needed for essential occupations in essential activities.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission, that existing and anticipated labor needs for essential activities require that consideration be given such needs, in connection with the classification, under the Selective Training and Service Act of 1940, of available individuals qualified in essential occupations, and that the measures hereinafter set forth will promote the proper allocation and the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The Director of Selective Service shall take such action as may be necessary or appropriate to assure that:

(a) Copies of lists, including amendments and supplements thereto, of essential activities and of essential occupations, transmitted to him from time to time by the United States Employment Service pursuant to the Essential Activities and Essential Occupations Directive, are promptly made available to all local boards and boards of appeal in the Selective Service System;

(b) To the extent required for the maintenance of essential activities, individuals who are engaged in essential occupations in essential activities are temporarily deferred from training and service under the Selective Training and Service Act of 1940 while so engaged;

(c) To the extent required for the maintenance of essential activities, individuals who are not engaged in essential occupations in essential activities but who are qualified in essential occupations, are afforded reasonable opportunity, prior to induction under the Selective Training and Service Act of 1940, to become so engaged.

II. The Selective Service System and the United States Employment Service shall establish and maintain close collaboration at their respective headquarters as well as regional, State, and local levels to insure full utilization by the Selective Service System and efficient transmission by the United States Employment Service of the labor market and occupational information currently available through the offices of the United States Employment Service, and so as otherwise to effect the purposes of this directive.

III. This directive may be cited as the "Essential Occupational Deferment Directive."

PAUL V. McNUTT,

Chairman, War Manpower Commission.

JUNE 24, 1942.

 DIRECTIVE NO. VI

To United States Employment Service, to expedite the recruitment and placement of essential agricultural workers.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission that the agricultural production program contemplated by the "Food for Victory" goals prescribed by the Secretary of Agriculture pursuant to the directions of the President, renders essential the conservation and maximum utilization of available agricultural workers and the recruitment of additional agricultural workers from every appropriate source and that the measures hereinafter set forth will promote the proper allocation and effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The United States Employment Service, after consultation with such bureaus, offices and divisions in the Department of Agriculture and with such other departments and agencies as it may deem appropriate, shall prepare, keep current and make available to the Department of Agriculture and other interested departments and agencies, data reporting its best estimates with respect to the available number of agricultural workers and the anticipated requirements for such workers, by periods, areas and agricultural commodities.

II. If, with respect to any area, the United States Employment Service determines after consultation with such bureaus, offices and divisions in the Department of Agriculture and other departments and agencies as it may deem appropriate, that the available number of agricultural workers is insufficient for the

production, cultivation or harvesting of any agricultural commodity, essential to the effective prosecution of the war, the United States Employment Service shall take such action as may be necessary or appropriate to assure that its maximum efforts are expended in the recruitment and placement of the number of agricultural workers required for such production, cultivation or harvesting, including:

(a) The establishment and maintenance of such agricultural labor recruitment and placement services and facilities as may be necessary;

(b) The solicitation of all available workers, qualified to perform agricultural work, in projects or programs maintained by the Work Projects Administration, the National Youth Administration, the Department of Agriculture, and other appropriate private or public agencies or departments;

(c) The solicitation of qualified agricultural workers in rural and urban centers, youth groups and educational institutions;

(d) The retention for such purposes of qualified agricultural workers who might otherwise be recruited for placement in less essential industrial activities;

(e) The promotion, among growers, of the cooperative use of agricultural workers;

(f) The promotion of the maximum utilization of transient workers for such purposes by directing and guiding their movement to those areas in which non-local agricultural workers are required; and

(g) The submission, currently, to the Department of Agriculture, of all available information with respect to those areas in which and the periods and crops for which the establishment and maintenance of adequate housing facilities will promote the recruitment and placement of required agricultural workers.

III. The United States Employment Service shall not, pursuant to this directive, recruit agricultural workers for, or refer such workers to, any agricultural employment in which the wages or conditions of work are less advantageous to the worker than those prevailing for similar work in the locality.

IV. This directive may be cited as the "Directive to Expedite the Recruitment and Placement of Essential Agricultural Workers."

PAUL V. McNUTT,

Chairman, War Manpower Commission.

JUNE 24, 1942.

DIRECTIVE NO. VII

To Secretary of Agriculture, concerning adequate housing for transient essential agricultural workers.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission, that existing and anticipated requirements for agricultural workers for the production, cultivation or harvesting of agricultural commodities essential to the effective prosecution of the war render necessary certain movements of such workers between areas and crops, that such movements will be facilitated if reasonable shelter is available for such workers, and that the measures hereinafter set forth will promote the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The Secretary of Agriculture shall, on the basis of data made available to him from time to time by the United States Employment Service and on the basis of such other data as he may deem appropriate, prepare and keep current, information with respect to the availability of adequate housing or other types of shelter facilities in each area in which nonlocal agricultural workers will be required for the production, cultivation or harvesting of any agricultural commodity essential to the effective prosecution of the war.

II. If, with respect to any area, the Secretary of Agriculture determines, after consultation with the United States Employment Service and such other departments or agencies as he may deem appropriate, that existing housing facilities, including permanent or mobile Department of Agriculture labor camp facilities, are insufficient to provide adequate shelter for nonlocal agricultural workers required in such areas for the production, cultivation or harvesting of any agricultural commodity essential to the effective prosecution of the war, the Secretary of Agriculture shall take such action as may be necessary or appropriate (including the utilization of all personnel funds and facilities at his disposal therefor) to assure that:

(a) All Department of Agriculture labor camp facilities, existing or hereafter established in such area, are made available to and utilized by such workers before such facilities are made available to or are utilized by any other individuals; and

(b) Such additional Department of Agriculture labor camp facilities are established and maintained in such areas and for such periods as are necessary to provide adequate shelter for such workers.

III. The Secretary of Agriculture, after consultation with the United States Employment Service, the Office of Defense Transportation, the Office of Price Administration and such other agencies or departments as he may deem appropriate, shall take such action (including the utilization of all personnel, funds and facilities at his disposal therefor) as may be necessary or appropriate to assure that:

(a) Agricultural workers, required for the production, cultivation or harvesting of any agricultural commodity essential to the effective prosecution of the war, are provided needed transportation facilities, and

(b) Nonlocal agricultural workers and their families, transported or housed pursuant to this directive are provided needed health and welfare services.

IV. This directive may be cited as the "Directive to Assure Adequate Housing for Transient Essential Agricultural Workers."

PAUL V. McNUTT,
Chairman, War Manpower Commission.

JUNE 24, 1942.

DIRECTIVE No. VIII

To certain Government agencies, concerning adequate transportation for workers in essential activities.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission, that careful plans must be made to assure the availability of adequate transportation facilities for workers transferring to, moving between, or engaged in essential activities and that the measures hereinafter set forth will promote the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The United States Employment Service, the Department of Agriculture and any other department or agency of the Federal Government having information concerning workers transferring to, moving between, or engaged in essential activities, shall maintain, keep current and submit to the War Manpower Commission, for transmission from time to time to the Office of Defense Transportation, information with respect to each situation or area in which existing or anticipated transportation needs of such workers are not or will not be adequately provided for by existing and readily available transportation facilities.

II. In carrying out the functions and responsibilities vested in it by Executive Order No. 8989, as amended, particularly as such functions and responsibilities relate to assuring that adequate transportation facilities are available, as needed, to workers transferring to or moving between essential activities and to workers requiring transportation between their homes and places of employment in essential activities, the Office of Defense Transportation shall give careful consideration to the information submitted to it from time to time pursuant to paragraph I hereof and shall consult with such other departments or agencies as it may deem appropriate.

III. This directive may be cited as the "Directive to Provide Adequate Transportation for Workers in Essential Activities."

PAUL V. McNUTT,
Chairman, War Manpower Commission.

JUNE 24, 1942. }

DIRECTIVE No. IX

To certain Government departments and agencies, to develop, integrate and coordinate Federal programs for the day-care of children of working mothers.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower

Commission, and having found, after consultation with the members of the War Manpower Commission, that existing and anticipated requirements for workers in essential activities render necessary the employment of large numbers of women, that among such women may be found many mothers of young children, that no woman responsible for the care of young children should be encouraged or compelled to seek employment which deprives her children of her essential care until after all other sources of labor supply have been exhausted, but that if such women are employed, adequate provision for the care of such children will facilitate their employment, and that the measures hereinafter set forth will promote the effective mobilization and maximum utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. The Office of Defense Health and Welfare Services, in consultation with such departments and agencies of the Federal Government as it may deem appropriate, shall:

- (a) Promote and coordinate the development of necessary programs for the day-care of children of mothers employed in essential activities;
- (b) Determine, either directly or through such Federal departments and agencies as it may designate, areas in which such programs of day-care should be promoted, and the respective responsibilities of the Federal departments and agencies concerned in the development of such programs; and
- (c) Take such action as may be necessary or appropriate to assure the effectuation of all such programs.

II. The United States Employment Service shall prepare, keep current, and make available to the Office of Defense Health and Welfare Services, data reporting its best estimates with respect to the number of working mothers with young children, and the anticipated requirements of essential activities for the employment of such mothers, by periods and areas.

III. The Work Projects Administration in the Federal Works Agency, the Children's Bureau in the Department of Labor, the Office of Education in the Federal Security Agency, the Bureau of Public Assistance in the Social Security Board in the Federal Security Agency, the Farm Security Administration in the Department of Agriculture, the Federal Public Housing Authority in the National Housing Agency and every other Federal department or agency carrying on child day-care programs or programs related thereto shall make available to the Office of Defense Health and Welfare Services reports with respect to such day-care programs or programs related thereto, carried on by such department or agency, and shall take such action as may be necessary or appropriate to insure the integration and coordination, through the Office of Defense Health and Welfare Services, of all Federal programs for the day-care of children of working mothers and otherwise to carry out the purposes of this directive.

IV. This directive may be cited as the "Directive to Develop, Integrate and Coordinate Federal Programs for the Day-Care of Children of Working Mothers"

PAUL V. McNUTT,

Chairman, War Manpower Commission.

AUGUST 12, 1942.

DIRECTIVE No. X

To all departments and agencies of the executive branch of the Federal Government, concerning transfer and release of Federal employees.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139 establishing the War Manpower Commission, and by Executive Order No. 9243, and having found, after consultation with the members of the War Manpower Commission, that the measures hereinafter set forth will facilitate the filling of the Federal Government's requirements for manpower in the civilian service, and promote the proper allocation and the effective mobilization and utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. Whenever the Civil Service Commission shall find that a civilian employee of any department or agency of the executive branch of the Federal Government can make a more effective contribution to the war effort in a position in some other such department or agency, the Commission, with or without the consent

of the employee or of the department or agency in which he is employed or to which he is transferred, shall direct the transfer of such employee to such position.

II. Whenever the Civil Service Commission shall find that a civilian employee of any department or agency of the executive branch of the Federal Government is qualified to perform work in a critical war occupation (as defined in the Essential Activities and Essential Occupations Directive) and can make a more effective contribution to the war effort in an essential activity carried on by a private enterprise, the Commission, with the consent of the employee, but with or without the consent of the department or agency in which he is employed, shall, upon request of such private enterprise, authorize the release of such employee to such private enterprise for work in such critical war occupation in such essential activity. An employee whose release has been authorized pursuant to this paragraph shall be carried on a leave-without-pay basis from his Federal position for the period of such employment with a private enterprise, except that such leave-without-pay status shall not continue beyond six months after the end of the war.

III. The Civil Service Commission shall base its findings, pursuant to paragraphs I and II of this directive, upon:

- (a) the extent to which the skills, abilities, training, and experience of the employee are required and will be utilized by the departments, agencies, activities or private enterprise concerned; and
- (b) the relative importance to the war program of the Government activities in which the employee has been employed and to which he will be transferred, as indicated by, among other considerations, priority classifications established by the Director of the Bureau of the Budget pursuant to Executive Order No. 9243; and
- (c) the relative importance to the war program of the Government activity in which the employee has been employed and of the private enterprise to which he will be transferred, as indicated by priority classifications established by the Director of the Bureau of the Budget pursuant to Executive Order No. 9243 and by such policies and directives as the Chairman of the War Manpower Commission may prescribe.

IV. Any employee of a department or agency of the executive branch of the Federal Government (other than an employee holding a temporary position) who has been transferred pursuant to paragraph I of this directive shall be entitled to thirty days' notice from the department or agency to which he has been transferred, prior to the termination of his services with such department or agency, unless such termination is for cause. Upon the termination, without prejudice, of the services of an employee (other than an employee transferred or released from a temporary position) in the position to which his transfer or release has been authorized or directed pursuant to paragraphs I or II of this directive (or in a position which, for the purposes of this directive, is substantially similar thereto) such employee shall be entitled to the reemployment benefits hereinbelow set forth, provided he makes application for reinstatement therein within forty days after the termination of his services with a department or agency of the Federal Government and, with respect to an employee released to a private enterprise, within forty days after the termination of his services with such an enterprise but in no event later than six months after the end of the war:

- (a) Reinstatement, within thirty days of his application, in the same department or agency and to the maximum extent practicable, in the same locality, in his former position, or in a position of like seniority, status, and pay, in such manner, to the maximum consistent with law, that he does not lose any of the rights or benefits to which he would have been entitled had he not been transferred or released;
- (b) If such a position, or if the agency or activity in which he was employed is no longer in existence, and such person therefore cannot be reinstated, the placement of his name on the Reemployment List established pursuant to Executive Order No. 6924 of September 20, 1932, to be considered for certification to positions for which he is qualified elsewhere in the Government service. Certifications from such list shall be made by the Civil Service Commission prior to certifications from all other lists maintained by the Commission.

V. Any department or agency in which is employed an employee whose transfer or release is to be directed or authorized pursuant to this directive without the

consent of such department or agency, shall be afforded, prior to such transfer or release, a fair opportunity to present to the Civil Service Commission evidence as to the extent to which such agency's or department's execution of its responsibilities will be jeopardized by the loss of such employee and as to the extent to which the employee's skills, abilities, training, and experience are being and will be utilized in such department or agency.

VI. Any employee whose transfer is to be directed pursuant to this directive without the consent of such employee shall be afforded, prior to such transfer, a fair opportunity to present to the Civil Service Commission evidence that the proposed transfer is inequitable or will impose upon him an undue hardship. No employee shall, without his consent, be transferred to a position at a lower salary than he received at the time such transfer is directed, nor shall any employee, without his consent be transferred to a position beyond reasonable commuting distance from his home unless the department or agency concerned shall reimburse the employee for the cost of transporting himself, his immediate family, and his household goods, in accordance with Government regulations.

VII. Whenever the filling of any positions by promotion from within for an indefinite period is being considered by any department or agency, employees who have been transferred or released pursuant to this directive and are entitled to reemployment in such department or agency under this directive shall be given the same consideration they would have received had they not been transferred or released, and such employees may be selected for such promotion. In the event of such selection, if such employee is not authorized to return to the position to which promotion was made, the position in question shall be filled only for the duration of such employee's reemployment rights under paragraph IV of this directive and such reemployment rights shall be applicable to the position to which promotion was made.

VIII. No request for the transfer or release of any civilian employee in any department or agency of the executive branch of the Federal Government shall be made by another such department or agency except through the Civil Service Commission, and no civilian employee of any such department or agency shall be released for transfer to another such department or agency except upon request of the Civil Service Commission. The Commission shall not request or authorize the transfer of any such employee who can make a more effective contribution to the war effort in the position in which he is currently employed or whose transfer would be contrary to the most effective methods of filling the Federal Government's requirements for manpower in the civilian service or would conflict with policies or directives of the War Manpower Commission.

IX. The Civil Service Commission is authorized and directed to adopt such measures and take such action as may be necessary or appropriate to carry out the provisions of this directive and to insure that the reemployment provisions set forth in paragraph IV of this directive are given full force and effect.

X. This directive shall become effective on and after September 27, 1942.

XI. This directive may be cited as the "Directive With Respect to the Transfer and Release of Government Employees."

PAUL V. McNUTT,
Chairman, War Manpower Commission.

SEPTEMBER 14, 1942.

DIRECTIVE NO. XI

To all departments and agencies of the executive branch of the Federal Government, concerning requests for the occupational deferment of their officers or employees.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139 establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission, that the measures hereinafter set forth will promote an equitable and uniform application to employees of the Federal Government of the provisions of the Selective Training and Service Act of 1940, as amended, facilitate the filling of the Federal Government's requirements for manpower in the civilian service, and promote the effective mobilization and maximum utilization of the Nation's manpower, it is hereby directed:

I. Not later than ten days after the publication of this directive in the Federal Register, each department and agency of the executive branch of the Federal Government shall have prepared and submitted to the Civil Service Commission, and shall thereafter keep current, information, hereinafter referred to as the department's or agency's list of key positions, with respect to each position, directly concerned with the war effort or with essential supporting activities, in such department or agency, the adequate performance of the duties of which requires, (a) special skills or abilities and (b) a considerable period of training or experience. Such list of key positions shall include with respect to each such position, a description of the skills, abilities, training or experience required and a description of the relation of the position to the war effort or essential supporting activities.

II. On the basis of the information so submitted, the Chairman of the War Manpower Commission will designate those positions which shall be eliminated from each department's or agency's list of key positions. In making such designations, the Chairman of the War Manpower Commission will base his determination with respect to each position (a) on the relation of such position to the war effort or to essential supporting activities, (b) on the skills, abilities, training or experience required for the adequate performance of the functions and duties of such position, and (c) on the ability of the department or agency concerned to secure from Government or non-Government sources, a replacement for such position, consistently with such policies and directives as the Chairman of the War Manpower Commission may have prescribed. The Chairman of the War Manpower Commission will promptly inform the appropriate department or agency of such designations, and will thereafter from time to time make, and notify the appropriate department or agency of, such new designations or revisions in former designations as changing circumstances may require.

III. On and after the twentieth day after the publication of this directive in the Federal Register, no department or agency of the executive branch of the Federal Government shall directly or indirectly request the occupational deferment, under the Selective Training and Service Act of 1940, as amended, of any officer or employee of such department or agency, unless such request conforms with the following principles and procedures:

- (a) Each such request shall be made only by the head of the appropriate department or agency, or by the person or persons designated by such head to take such action;
- (b) Each such request shall be made on the form or forms prescribed by the Director of Selective Service;
- (c) No such initial request for a Class II classification on occupational grounds shall be made unless the head of the appropriate department or agency or the person or persons designated by him to take such action shall certify that:
 - (i) The officer or employee possesses *special skills or abilities, absolutely essential to the performance of his duties*, which skills or abilities have been acquired as a result of a considerable period of training or experience; and
 - (ii) The officer or employee is employed in a position which is included in the department's or agency's list of key positions as currently revised pursuant to paragraph II of this directive, or though he is not employed in such a position, the officer or employee is engaged in an activity which is directly concerned with the war effort or with essential supporting activities and occupies such an extraordinary and unique relationship to the conduct of that activity that the head of his department or agency and the Chairman of the War Manpower Commission have determined that his separation from the activity would seriously impair, over a substantial period of time, the effective functioning of that activity.
- (d) No such request for an additional occupational deferment beyond the initial period of six months shall be made unless the head of the department or agency, or the person or persons designated by such head to take such action shall, in addition to certifying to the matters prescribed under subparagraph (c) hereof, also certify that:
 - (i) The department or agency concerned and the Civil Service Commission have determined that any effort to recruit a

- replacement would be in conflict with the policies and directives of the Chairman of the War Manpower Commission, or
- (ii) Vigorous efforts have been made, subject to the policies and directives of the Chairman of the War Manpower Commission, by the department or agency concerned and by the Civil Service Commission to secure a replacement and such efforts have been unavailing, or
 - (iii) A replacement has been secured but a further period of training is required before the trainee will be qualified to assume the responsibilities of the position, or
 - (iv) The head of the department or agency and the Chairman of the War Manpower Commission have determined that the officer or employee is engaged in an activity which is directly concerned with the war effort or with essential supporting activities and occupies such an extraordinary and unique relationship to the conduct of that activity that his separation from the activity would seriously impair, over a substantial period of time, the effective functioning of that activity.

IV. If, pursuant to the requirements of the War Department or the Navy Department with respect to the voluntary enlistment in the armed forces by, or the offer or award of commissions in the armed forces to, civilian officers or employees of the executive branch of the Federal Government, any such officer or employee presents to the head of his department or agency a request for a release in order to so enlist or to secure such a commission, such release shall be denied if the head of such department or agency determines that he would have requested the occupational deferment of such officer or employee under the Selective Training and Service Act of 1949, as amended, pursuant to the provisions of paragraph III (c) of this directive, unless the Chairman of the War Manpower Commission determines that the services for which such officer or employee is sought by the armed forces will constitute a more effective contribution to the war effort than the services performed by the individual in his position in such department or agency. In the event of such denial, the head of the department or agency shall at the same time certify to the officer's or employee's appropriate Selective Service local board that he had refused to issue to such officer or employee a release which would have enabled him to enlist in or accept a commission in the armed forces of the Nation, including therein a statement of the reasons for such refusal.

V. The Chairman of the War Manpower Commission will exempt from the provisions of this directive, any civilian activity of a department or agency of the executive branch of the Federal Government which he finds (a) is substantially identical to an industrial enterprise and (b) has established and is maintaining policies and procedures with respect to the occupational deferment, under the Selective Training and Service Act of 1940, as amended, of officers or employees engaged therein, which are consistent with the policies and directives of the Chairman of the War Manpower Commission.

VI. Each department or agency of the executive branch of the Federal Government seeking a determination by the Chairman of the War Manpower Commission pursuant to paragraph III, IV or V hereof shall submit its request therefor, together with such information in connection therewith as it may deem pertinent, to the Civil Service Commission. The Civil Service Commission shall submit its recommendations with respect to such requests and with respect to each department's or agency's list of key positions submitted pursuant to paragraph I hereof, to the Chairman of the War Manpower Commission.

VII. The Director of Selective Service shall take such actions as may be necessary or appropriate to acquaint all local boards and boards of appeal in the Selective Service System with the provisions of this directive.

VIII. This directive may be cited as the "Directive With Respect to Requests for the Occupational Deferment of Federal Employees."

PAUL V. McNUTT,
Chairman, War Manpower Commission.

DIRECTIVE No. XII

To all departments and agencies of the executive branch of the Federal Government, concerning the classifications of field positions in the Federal service.

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139 establishing the War Manpower Commission, and having found, after consultation with the members of the War Manpower Commission, that the measures hereinafter set forth will facilitate the filling of the Federal Government's requirements for manpower in the civilian service, effectuate the administration of Executive Order No. 9243 and War Manpower Commission Directive No. X, and promote the effective utilization of the Nation's manpower in the prosecution of the war, it is hereby directed:

I. Whenever the Civil Service Commission shall have reason to believe that the classification of any civilian positions in the field services of an executive department or agency which are subject to the schedule of grades and salaries prescribed by the Classification Act of 1923, as amended, are such as to result in (a) material interference with the effective administration of Executive Order No. 9243 and War Manpower Commission Directive No. X, or (b) undesirable competition for employees among such departments or agencies, or (c) an impediment to the effective utilization of the Nation's manpower in the war effort, it shall make a fact-finding survey of the positions concerned or such other study as it deems necessary, and shall, after consultation with the affected department or agency, prepare and promulgate standards for the proper classification of such positions in accordance with the schedule of grades and salaries prescribed by the Classification Act of 1923, as amended. Any such fact-finding survey or study may be made at the request of or in cooperation with an affected department or agency.

II. Upon receipt of such standards, each department and agency, having field positions affected thereby, shall classify such positions in accordance with such standards and report its classifications to the Civil Service Commission, together with such additional information and in such manner and form as the Civil Service Commission may prescribe.

III. The Civil Service Commission shall make such audits as may be necessary to determine the extent of adherence to standards prescribed pursuant to paragraph I hereof, and shall report its findings with respect to variations therefrom to the Director of the Bureau of the Budget.

IV. Whenever the Civil Service Commission shall have reason to believe that the results described in clause (a), (b), or (c) of paragraph I hereof are occurring or are likely to occur with respect to positions in the Federal service for which wage scales are fixed on a prevailing rate basis, it shall take such action as may be appropriate to promote such adjustments of such wage rates or other action by the departments or agencies concerned, as may appear proper or necessary to effectuate the purposes of this directive.

V. The Civil Service Commission is authorized and directed to adopt such measures and take such action as may be necessary and appropriate to carry out the provisions of this directive.

VI. The Civil Service Commission shall prescribe such rules or regulations as may be necessary to assure that the incumbent of any position whose rate of pay will be reduced by reason of any action pursuant to paragraph II hereof is provided, prior to such reduction, a fair opportunity to present to the Civil Service Commission, his objections thereto.

VII. This directive may be cited as the "Directive With Respect to Classification Standards for Positions in the Field Service of Executive Departments and Agencies of the Federal Government."

PAUL V. McNUTT,
Chairman, War Manpower Commission.

SEPTEMBER 24, 1942.

EXHIBIT 3.—STATISTICAL DATA ON MANPOWER

SUBMITTED BY WAR MANPOWER COMMISSION, WASHINGTON, D. C.

The following statistical information has been assembled in answer to questions on employment, training, turn-over, labor shortages and discriminations, presented by the Committee.

I. EMPLOYMENT AND TURN-OVER

Overall summary.—Statistics on employment and unemployment from the beginning of the defense program to June 1942 and on anticipated requirements for manpower to the end of 1943 are presented in Table 1. The assumptions underlying the estimate of requirements are set forth in Governor McNutt's testimony.¹ It should be noted that the requirements for June 1943 are set at a level some 3,000,000 higher than by the end of 1943. This is due mainly to the seasonality of operations in agriculture, where employment at the summer peak is from three to four million higher than during the slack winter months.

Employment of women.—Considerable interest attaches to progress made in the employment of women because the projected expansion in the labor force is dependent mainly upon an increased use of women as replacement for men drawn into the armed forces. Summary statistics on employment and unemployment of women are presented in Table 2. Employment of women outside agriculture had risen in the two-year period ended in June 1942 by 2,000,000, or over 20 percent, while the number of nonagricultural employees and the self-employed increased by only 14 percent (see Table 1). In agriculture the use of women is naturally subject to pronounced seasonal fluctuations, considerably sharper than those for men. Nevertheless, the figures in the table clearly indicate an increase of 300,000 to 400,000 in the first two quarters of 1942 as compared with the corresponding periods in 1941. Unemployment among women available for and seeking work declined steadily from 2,700,000 at the beginning of the period to 1,000,000 at the end.

Although the increase in the employment of women was substantial over the period, a relatively minor share of it was represented among wage earners in manufacturing industries, the most important sector of the war economy. The number of women factory wage earners as compared with the total is shown in Table 3 for the period October 1939–April 1942. Separate figures are presented for durable goods and nondurable goods industries, because employment in the latter (including the apparel trades and canning) is subject to wide seasonal swings. In durable goods the employment of women wage earners increased from October 1939 to April 1942 by about 140,000, or nearly 42 percent; this rise was smaller than in total employment which increased 52 percent. To avoid distortion by seasonal factors, the gains in nondurable goods must be measured either from October 1939 to October 1941, with an increase in the employment of women of some 125,000, or from April 1941 to April 1942, with an increase of a little more than 100,000. On either basis the relative rise in the employment of women in nondurable goods factories was approximately 6 percent, about the same as the increase in total employment in these industries. In manufacturing as a whole then there were about $\frac{1}{4}$ million more women wage earners at the end of the period than at the beginning.

Employment of Negroes.—Interest in the employment of Negroes is second only to that in the employment of women. If the large drain on manpower necessitated by the expansion of the war economy is to be met, fullest possible use must be made of all human resources and hiring specifications which have the effect of discriminating against Negroes or other minority groups must be set aside. The latest available data on the employment of Negroes are presented in Table 4 based mainly upon the survey carried out by the Bureau of Employment Security in May 1942. This survey, one of the series of regular bimonthly surveys designed to measure anticipated labor requirements against current employment, is in the nature of the case limited mainly to the larger plants in industries contributing significantly to the war effort. As the table shows, it covered only 44 percent of the total employment in the industries listed in the table. In the plants surveyed nearly 460,000, or a little over 5 percent of the total number of employees, were classified as nonwhites. It is estimated that approximately 95 percent of this group are Negroes.

Progress made since the beginning of the defense program cannot be measured by the figures in Table 4, because no data are available which show the employment of Negroes by industry for May 1940 or a comparable date. However, in the more important war industries definite progress has been achieved. Whereas two years ago there were practically no Negroes employed in the aircraft industry, at present most of the leading aircraft firms, in their plants outside the South, hire colored workers in both unskilled and production capacities. There has been a steady increase in the number of Negroes hired in shipbuilding and there

¹ See p. 13113.

is growing acceptance of colored workers in ordnance. In the latter industry many Negroes are being introduced into production work.

More specific data on the efforts to eliminate discrimination are shown in the appended report indicating the latest figures on Negro employment in firms and membership in unions cited before the the President's Committee on Fair Employment Practice.¹

Concentration of war employment.—Information on concentration of employment under the control of large corporations is difficult to obtain because employment statistics are generally maintained on the basis of industry or the nature of product made rather than by type of ownership. However, a special compilation prepared from reports submitted by plants in metal-product manufacturing industries for June 1942 indicates that wage earners, in 631 plants of 94 largest war contractors accounted for 60 percent of the total number of wage earners reported for these industries. For 374 plants of 88 largest war contractors information was also furnished on the scheduled employment of wage earners at peak; the scheduled increase from June 1942 to peak was about 86 percent. It should be noted that these figures are not complete since the reports did not cover plants with 20 wage earners or fewer and plants engaged in the production of machine tools, Government-owned ordnance plants, and the primary smelting, refining, rolling and drawing industries in the iron and steel and nonferrous groups. Also, within these limits reporting was not complete; for example, information should have been furnished for 711 plants by the 94 contractors whereas only 631 plant reports were actually received. Despite the incompleteness of the basic data, it is believed that the percentages cited above are approximately correct.

Local labor markets.—The manpower problem is not as yet a problem of overall labor shortage, but mainly one of deficits in particular industries or crafts and in specific localities. The analysis by the Bureau of Employment Security as of July 1942 shows that shortages of male labor for use in industry existed in 35 labor market areas and that shortages could be anticipated in an additional 81 areas. The 35 areas of present shortage are listed in Table 5. Wherever possible the local labor supply in each area and the amount of in-migration that will be necessary to fill the estimated demand are listed. The extent to which full use of the local labor reserve would modify the number of in-migrants needed is indicated in some cases.

It is not possible to estimate the total amount of in-migration to be expected in labor shortage areas on the basis of these data, since they represent only the difference between estimated supply and war industry demand in each area and take no account of the effect of competing demands from other areas.

Turn-over.—The problem of locating, training and placing in the right jobs people needed for an expansion of production is complicated by turn-over, as a result of which it is always necessary to have more than 100 people to keep 100 jobs continuously staffed. Monthly turn-over rates for representative establishments in 135 manufacturing industries for the period beginning January 1941 are presented in Table 6. The most important of the components of turn-over are undoubtedly the quits and miscellaneous separations. Accessions include replacements for the workers separated from the pay roll and additions needed to increase production. For present purposes the figure on accessions is important only to the extent that it is inflated by replacements for avoidable separations. Lay-offs represent mainly the separation of employees from the pay roll because of the seasonal or other contraction in the activity of the establishment, and discharges, confined to dismissal of unsuitable workers, are numerically insignificant.

From the beginning of 1941, the quit rate has shown a pronounced tendency to rise, and in the first half of 1942 was about 80 percent above the level of the corresponding month of 1941. This phenomenon is the usual accompaniment of a rising labor market with its increased opportunities for better paying and otherwise better situated jobs. Thus in the first half of 1937 at the height of the most recent period of predefense prosperity, the quit rate was 88 percent greater than in the first half of the worst depression year 1932. Nevertheless, the quit rate at present is considerably above the levels attained at any time since January 1930, when systematic compilation of turn-over data was begun by the Department of labor.

Miscellaneous separations, though only one-fourth as numerous as quits, have also increased steadily since the beginning of 1941, with the relative rise being larger than for quits. This, however, is traceable entirely to the expansion in

¹ See p. 13252.

the armed forces; separations immediately preceding military enlistment or induction are included in the miscellaneous category together with separations due to death, permanent disability, retirement on pension, etc.

Special interest attaches to quits in war industries. Data for selected industries of this type for the period from 1939 to date are presented in Table 7. Some of these industries were affected by the foreign orders as early as 1939 and by defense preparations for this country in 1940. A very marked increase in the quit rate over the preceding year is shown for several of them in 1940 and for all but aircraft in 1941. During that year, the rate of quits in some of the most important war industries such as shipbuilding, aircraft, and copper smelting was greatly in excess of the average for manufacturing. The increase in quits in 1942, while substantial for all but one of these industries, was not as large as for manufacturing as a whole. However, the shipyards, where the rise in quits exceeded 80 percent, present an important exception.

Reasons for high quit rates.—In an inquiry mailed by the Bureau of Labor Statistics to plants with higher than average turn-over and quit rates during the spring months of 1942, the management was requested to comment on the reason for their situation. They were asked specifically to what extent inadequacies in local transportation or housing were responsible, or whether other factors were causing the excessive rates. Replies giving one or more specific reasons were received from 50 establishments distributed as follows among ten industries:

Shipbuilding.....	12
Electrical machinery.....	11
Brass, bronze and copper products.....	7
Machine tools.....	6
Aircraft.....	5
Aluminum.....	2
Foundries.....	2
Boots and shoes.....	2
Leather.....	1
Miscellaneous rubber goods.....	1

The most common reason for high quit rates is the workers' desire to secure higher wages elsewhere, the reports indicate. Twenty-six out of the 50 replies received gave better wages in other private or Government establishments as a reason for quitting. Inadequate local housing impelled employees to quit their jobs in 13 plants, and in 10 plants, poor transportation facilities. Eight reports mentioned the fact that for one reason or another, work was irregular or seasonal and that the quit rate was high because employees left to obtain steadier work; 4 of the 12 shipbuilding firms gave this reason.

Only one firm mentioned pirating of its workers by other plants and this was not a specific complaint.

The number of firms reporting specified reasons for high quit rates was as follows:

Higher wages elsewhere.....	26
Inadequate local housing.....	13
Inadequate local transportation.....	10
Irregular and insufficient work.....	8
Enlistment in armed forces.....	6
Dislike of work.....	6
Better jobs for trainees elsewhere.....	6
Restlessness of youth.....	3
Desire for draft-exempt job.....	2
Return to farm.....	2
Pirating.....	1

II. TRAINING

Vocational training.—Under the auspices of the United States Office of Education, training for war production workers at the vocational school level has been in progress since July 1940. During a period of two years, over 1,500,000 persons have been enrolled in courses preparatory to war employment and nearly 1,360,000 in courses supplementary to employment, designed to make possible upgrading (Table 8). New enrollments in pre-employment courses increased 60 percent in the first six months of 1942 over the last six months of 1941. In supplementary courses, the increase was considerably smaller—under 20 percent.

Relatively few women have enrolled in vocational school courses until recently. Over the two-year period, only 8 percent of the enrollees in pre-employment classes have been women, and only 2 percent of the supplementary trainees. However, after Pearl Harbor, the number increased markedly and in June, women constituted almost 20 percent of the pre-employment trainees; in supplementary courses they were still only 5 percent of the total active enrollment.

Negroes have played an even smaller part than women in the vocational school training program, chiefly because in general the local schools were required to train for local needs, and in most areas Negroes have been unacceptable to local employers. Only 5 percent of the pre-employment trainees have been Negroes and 2 percent of the supplementary trainees. In the first six months of this year, the number of Negro pre-employment trainees increased substantially, but the number in supplementary courses dropped. At the end of June, some 11,500 Negroes were enrolled in pre-employment classes, and less than 2,700 in supplementary classes.

In addition to the regular vocational school courses, the Office of Education has also provided training in simple mechanical and machine operations for out-of-school youth, chiefly in rural areas. Over 530,000 have enrolled in such classes since December 1940. Less than 1 percent were females, and 17 percent were Negroes.

Technical training at the college level is provided under the engineering-science-management program of the Office of Education. Almost half a million persons have enrolled in these courses of whom 36,000 were women and 3,800 Negroes.

The National Youth Administration also furnishes war production training for out-of-school youth in its defense work program. During the first six months of the fiscal year 1941-42, 208,000 different youth were employed on this program, and in the second six months, 233,000 (Table 9). Approximately 20 percent of these were girls, and 13 percent Negroes. Some of these workers also received related training in the vocational school classes, and are included in the statistics for enrollees in the pre-employment courses.

On-job training.—On-the-job training programs provided or sponsored by public agencies include the in-plant-pre-employment program of the Work Projects Administration and the training of civilians in the establishments of the War and Navy Departments. The Work Projects Administration has paid the wages of approximately 8,000 workers while they have received training in war production plants. According to the latest available figures, the War Department had on its pay roll 27,000 full-time trainees and the Navy Department 19,000, learning the skills required for war production. In addition, the Navy Department was giving less than full-time training to 39,000 persons. Compilation of similar figures on other trainees is not yet complete for the War Department establishments.

Private industry is also conducting on-the-job training which varies from the usual instruction given by foremen to full apprenticeship programs. No data are available on the number of persons receiving such training except in the case of apprentices who were estimated to approximate 170,000 in June 1942.

TABLE 1.—*Estimates of employment and manpower requirements June 1940–December 1943*

[In millions of persons]

	Estimated employment			Anticipated requirements	
	June 1940	June 1941	June 1942	June 1943	December 1943
Total labor force.....	56.7	57.9	59.9	65.4	62.5
Armed forces.....	.5	1.7	3.8	7.3	9.0
Nonagricultural employees.....	30.6	34.5	36.7	39.6	39.6
Manufacturing.....	10.4	12.8	14.3	17.8	18.6
Mining.....	.9	.9	1.0	1.0	1.0
Construction (contract).....	1.6	2.0	2.0	1.7	1.0
Transportation and public utilities.....	3.0	3.3	3.5	3.6	3.7
Trade.....	6.6	6.9	6.6	5.9	5.5
Finance, service and miscellaneous.....	4.1	4.3	4.3	4.0	4.0
Government.....	4.0	4.3	5.0	5.6	5.8
Self-employed (excepting agriculture) and domestic service.....	6.0	4.8	5.1	5.2	5.0
Agriculture.....	11.0	10.9	11.5	11.5	7.9
Unemployed.....	8.6	6.0	2.8	1.8	1.0

Source: U. S. Bureau of Labor Statistics and Bureau of Employment Security of the Social Security Board.

TABLE 2.—*Employment and unemployment of women, 14 years of age and over, average by quarter, July 1940–June 1942*

[In millions]

Period	Outside agriculture	In agriculture	Unemployment	Total in labor force
1940:				
July–September.....	9.9	1.1	2.7	13.7
October–December.....	10.1	.6	2.1	12.8
1941:				
January–March.....	10.0	.3	2.0	12.3
April–June.....	10.2	1.1	1.9	13.2
July–September.....	10.8	1.4	1.8	14.0
October–December.....	11.7	.8	1.3	13.8
1942:				
January–March.....	11.9	.6	1.2	13.7
April–June.....	11.9	1.5	1.0	14.4

Source: Averaged from monthly figures released by Current Surveys Section, Bureau of the Census.

TABLE 3.—*Total wage earners and women wage earners in durable- and nondurable-goods manufacturing industries, October 1939–April 1942*

[In thousands]

Period	Durable goods industries ¹		Nondurable goods industries ¹	
	Total	Women	Total	Women
1939: October.....	3,800.5	329.0	4,877.9	1,906.5
1940: October.....	4,343.9	351.5	4,638.4	1,798.6
1941:				
April.....	4,917.2	403.7	4,760.4	1,797.5
October.....	5,546.0	453.1	5,144.0	2,031.4
1942: April.....	5,771.8	471.0	4,972.7	1,909.0

¹ Durable goods industries include the iron and steel, nonferrous metal, electrical and other machinery, automotive and other transportation equipment, lumber and wood products, and the stone, clay and glass groups. The nondurable goods industries include the food products, tobacco products, textiles and apparel, rubber products, leather and leather products, paper products, printing and publishing, chemicals, petroleum and coal products, and the miscellaneous groups.

Source: Census of Manufactures for October 1939, and U. S. Bureau of Labor Statistics for October 1940 and subsequent months.

TABLE 4.—Total employment in selected industries and total employment and employment of nonwhites in selected plants, May 1942

[In thousands]

	Total employment ¹	Employment in plants surveyed		
		Total	Nonwhite	
			Number	Percent of Total
Total.....	20,033.1	8,766.0	458.7	5.2
Mining:				
Metal mining.....	131.9	73.6	0.4	0.6
Bituminous and other soft coal mining.....	458.2	52.4	5.6	10.7
Nonmetallic mining and quarrying.....	92.8	8.7	1.3	14.8
Contract construction.....	1,909.3	540.2	99.6	18.4
Manufacturing:				
Food and kindred products.....	1,313.7	123.6	10.4	8.4
Tobacco manufactures.....	103.6	12.8	6.8	53.6
Textiles and apparel.....	2,386.5	468.9	14.4	3.1
Lumber and lumber basic products.....	553.9	46.5	14.4	30.9
Furniture and finished lumber products.....	439.0	91.4	5.1	5.6
Paper and products, and printing and publishing.....	932.5	112.3	2.3	2.1
Chemicals and products of petroleum and coal.....	845.5	431.6	26.6	6.2
Rubber products.....	170.8	166.2	3.5	2.1
Leather and leather products.....	421.2	94.8	1.3	1.4
Stone, clay and glass products.....	428.4	102.2	3.7	3.6
Iron and steel and their products (including ordnance and accessories) ¹	1,781.6	2,234.1	135.6	6.1
Transportation equipment (excepting automobiles) ¹	1,440.5	1,506.3	51.8	3.4
Nonferrous metals and their products.....	430.7	314.2	25.1	8.0
Electrical machinery.....	654.1	581.1	4.9	.8
Machinery (excepting electrical).....	1,265.0	900.9	21.1	2.3
Automobiles and automobile equipment.....	487.7	181.7	3.0	1.6
Miscellaneous.....	477.6	221.8	2.0	.9
Transportation, communication and utilities:				
Interstate railroads.....	1,463.4	36.8	2.1	5.8
Trucking and warehousing.....	454.6	109.9	4.1	3.7
Other transportation.....	500.7	276.1	11.0	3.9
Communication: telephone, telegraph and related services.....	472.0	26.2	1.2	4.8
Utilities: electric and gas.....	417.9	51.7	1.4	2.7

¹ The definition of industry for the total employment column is not strictly the same as for the employment figures given for selected plants. Moreover, the selected plants include Government-operated establishments, the employment figures for which are excluded from the column headed "Total employment". This accounts for the fact that for the iron and steel and transportation equipment manufacturing groups the employment in selected plants exceeds the total equipment for the industry.

Source: Total employment estimated by the U. S. Bureau of Labor Statistics. Data on employment in selected plants are from the bimonthly survey of employment and anticipated requirements by the Bureau of Employment Security for May 1942.

TABLE 5.—Estimated supply of labor and estimated in-migration required in labor-market areas with shortage of general male labor—July 1942¹

Area	War industries	Estimated local labor supply	Estimated in-migration needed to fill demand
Alabama:			
Childersburg.....	Ammunition.....	Almost no workers available June 1942.	2,300 by January 1943. Must move in or commute beyond 40 miles.
Mobile.....	Shipbuilding, air-base.	Local supply qualified for demand exhausted June 1942; women and Negroes potentially available.	7,000 in-migrants by August 1943 unless local Negroes hired.
California:			
Los Angeles.....	Aircraft.....	Information not available.	Information not available.
Sacramento.....	Air depot.....	do.	Do.
San Diego.....	Aircraft.....	Labor supply exhausted July 1942.	Do.
Connecticut:			
Bridgeport.....	Aircraft, machine tools, ordnance, communication equipment.	About 11,900 available July 1942-July 1943, including 6,000 women in labor reserve.	Minimum in-migration estimated at about 9,000 by July 1943.

¹ Estimates of supply and necessary in-migration take account of use of reserves of women and transfers from nonwar industries on the one hand, and withdrawals for armed services, on the other.

TABLE 5.—Estimated supply of labor and estimated in-migration required in labor-market areas with shortage of general male labor—July 1942—Continued

Area	War industries	Estimated local labor supply	Estimated in-migration needed to fill demand
Connecticut: Hartford.....	Aircraft engines, firearms, machine tools.	7,300 plus 9,000 women in labor reserve, July 1942-43.	18,000-19,000 in-migrants needed by July 1943 even if all potential reserve of women used.
New London...	Boat building and machinery.	930 males available, May 1942-43.	5,000 in-migrants needed by July 1943.
District of Columbia: Rockford-Beloit.	Federal Government. Machine tools, tank parts.	43,000 available May 1942.... 8,000 available July 1942-43..	55,000 in-migrants by December 1942. In-migration probably not necessary if local supply and potential reserves are fully utilized.
Indiana: Indianapolis....	Air engines and parts, bomb sights, fire control.	35,000 available July 1942 to end of 1943.	6,800 in-migrants by end of 1943.
LaPorte-Michigan City.	Gun carriages, ammunition.	700 available July 1942-43....	Necessary in-migration may approximate 6,000.
Iowa: Burlington.....	Ordnance.....	Information not available....	Information not available.
Quad Cities, Illinois and Iowa.	do.....	10,000 available July 1942-43.	In-migration probably not necessary if employers use women to fullest extent.
Maine: Bath.....	Shipbuilding.....	300 workers available July 1942.	Minimum of 1,000 in-migrants by January 1943.
Portland.....	do.....	About 1,500 available July 1942 and 3,500 transferable from non war industries within commuting distance.	6,500 in-migrants by October 1942.
Maryland: Baltimore.....	Aircraft, shipbuilding.	22,000 available September 1942-August 1943.	Over 34,000 in-migrants by August 1943 assuming full use of potential supply.
Elkton-Perryville.	Explosives.....	200 available August 1942....	5,000 in-migrants by June 1943.
Mississippi: Pascagoula.	Shipbuilding.....	6,000 available June 1942....	2,500 in-migrants by June 1943.
New Hampshire: Portsmouth.....	Shipbuilding, machine tools.	1,500 available June 1942....	About 2,000 in-migrants by June 1943. In-migration may reach 4,000 if commuting becomes impossible.
Springfield-Claremont.	Machinery.....	750 available July 1942....	1,000 in-migrants by July 1943.
New York: Buffalo.....	Aircraft, iron and steel.	47,000 available July 1942-43.	Minimum in-migration of 6,000 if potential reserve of 42,000 women is used.
Elmira.....	Metal work.....	4,500 available July 1942-August 1943.	About 2,100 in-migrants required by August 1943, assuming use of 5,100 women and 2,500 transfers from non-war industries.
Massena.....	Aluminum.....	5,900 available July 1942-August 1943.	1,600 male workers by August 1943 unless women are used to greater extent by aluminum companies.
North Carolina: Wilmington.	Shipbuilding.....	Virtually no supply available other than recent in-migrants, July 1942.	9,000 in-migrants by May 1943.
Ohio: Ravenna-Warren.	Ordnance, steel.....	6,000 available July 1942-43..	3,500 in-migrants by July 1943.
Oregon: Portland...	Shipbuilding, aircraft, iron and steel.	Labor supply exhausted July 1942.	55,000-75,000 in-migrants by spring of 1943.
Pennsylvania: Berwick.....	Tanks.....	Information not available....	Information not available.
Harrisburg.....	Airbase, ordnance...	5,000 available July 1942; 2,000 additional with school graduates.	3,500 in-migrants by mid-1943.
South Carolina: Charleston.	Shipbuilding.....	4,000 available July 1942....	12,500 in-migrants by January 1944 unless local Negroes trained and used.

TABLE 5.—Estimated supply of labor and estimated in-migration required in labor-market areas with shortage of general male labor—July 1942—Continued

Area	War industries	Estimated local labor supply	Estimated in-migration needed to fill demand
Texas: Beaumont-Port Arthur.	Shipbuilding.....	6,850 workers available of whom 4,850 are men, July 1942.	9,000 in-migrants will be needed by July 1943 if employer specifications remain unchanged. Increased utilization of women would serve to reduce necessary in-migration to 7,000.
Utah: Ogden.....	Ordnance depot.....	None available except 500 housewives, June 1942.	18,000 in-migrants by June 1943, but housing is non-existent.
Salt Lake City..	Ordnance, radio tubes.	2,500 men, July 1942, 5,000 potential women workers.	3,000 to 5,000 depending on the number of women workers hired.
Virginia: Hampton Roads.	Shipbuilding, military establishments.	4,500 available July 1942.....	40,000 in-migrants by unknown peak date, including 3,000-4,000 Negro men.
Washington: Seattle.	Shipbuilding, aircraft.	Local supply exhausted February 1942.	At least 48,000 by January 1943.

Source: Local labor market reports and statements prepared by the Bureau of Employment Security. Labor shortage areas are designated by the Bureau of Employment Security by Reports and Analysis Division on the basis of employers' statements of labor needs to the USES and recent contract and plant site actions. Only areas which contain a city of 100,000 or more and those in which there is a known demand for 5,000 or more war production workers are included.

TABLE 6.—Monthly labor turn-over rates of factory workers in representative establishments in 135 industries¹

Class of turn-over and year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
SEPARATIONS													
Quits:													
1942.....	2.36	2.41	3.02	3.59	3.77	3.85	4.02						
1941.....	1.31	1.33	1.70	2.08	2.20	2.06	2.25	2.46	2.81	2.11	1.57	1.75	1.97
Discharges:													
1942.....	.30	.29	.33	.35	.38	.38	.43						
1941.....	.18	.19	.21	.25	.24	.26	.29	.30	.31	.28	.24	.29	.25
Lay-offs: ²													
1942.....	1.61	1.39	1.19	1.31	1.43	1.21	1.05						
1941.....	1.61	1.20	1.06	1.19	1.08	1.03	1.40	1.13	1.16	1.41	1.44	2.15	1.32
Miscellaneous separations: ³													
1942.....	.83	.73	.82	.87	.96	1.02	1.23						
1941.....	.31	.43	.43	.37	.34	.36	.30	.25	.25	.33	.26	.52	.35
Total:													
1942.....	5.10	4.82	5.36	6.12	6.54	6.46	6.73						
1941.....	3.41	3.15	3.40	3.89	3.86	3.71	4.24	4.14	4.53	4.13	3.51	4.71	3.89
ACCESSIONS													
Rehires:													
1942.....	1.41	1.03	1.18	1.11	1.07	1.12	1.09						
1941.....	1.45	1.08	1.24	1.04	.92	.90	1.04	1.11	.87	.86	.79	.94	1.02
New hires:													
1942.....	5.46	4.99	5.81	6.01	6.22	7.13	7.19						
1941.....	4.09	3.84	4.38	5.00	5.03	5.41	4.96	4.32	4.29	4.01	3.12	3.82	4.36
Total:													
1942.....	6.87	6.02	6.99	7.12	7.29	8.25	8.28						
1941.....	5.54	4.92	5.62	6.04	5.95	6.31	6.00	5.43	5.16	4.87	3.91	4.76	5.38

¹ The various turn-over rates represent the number of quits, discharges, lay-offs, total separations, and accessions per 100 employees.

² Including temporary, indeterminate, and permanent lay-offs.

³ Military separations included.

Source: U. S. Bureau of Labor Statistics.

TABLE 7.—Monthly quit rates of factory wage earners in selected war industries, 1939-July 1942

	Aircraft	Aluminum	Brass, bronze, and copper products	Electrical machinery	Engines and turbines	Machine tools	Ship building
Average 1939 ¹	1.15	(²)	.55	.64	(²)	.82	.76
“ 1940.....	2.24	.75	.91	.69	.88	1.29	1.17
“ 1941.....	2.51	1.96	2.23	1.56	1.89	2.01	2.42
1942:							
January.....	2.82	1.32	2.30	2.05 ¹	1.21	2.46	3.25
February.....	2.68	1.91	2.45	1.78	1.55	2.23	3.27
March.....	3.70	3.07	3.02	1.88	1.72	2.75	4.27
April.....	3.79	3.14	3.48	2.34	2.07	3.50	4.29
May.....	4.06	3.48	3.41	2.26	1.71	3.17	5.20
June.....	3.60	3.88	3.15	2.27	1.50	2.86	5.71
July.....	3.76	3.51	3.81	2.36	1.67	3.02	4.67

¹ Includes miscellaneous separations caused by death, permanent disability, retirement on pensions, etc.
² Not available.

Source: U. S. Bureau of Labor Statistics.

TABLE 8.—Training for war production workers under auspices of U. S. Office of Education—new enrollment of all trainees, of women, and of Negroes, since inauguration of programs

Program	Total new enrollments	July 1940-June 1941	July 1941-Dec. 1941	Jan. 1942-June 1942	Active net enrollment June 30, 1942
All trainees—new enrollment:					
Pre-employment and refresher courses.....	1,501,155	420,530	409,369	671,256	191,898
Supplementary courses.....	1,359,108	467,614	410,105	481,389	153,845
Out-of-school youth courses ¹	531,505	254,511	119,618	157,376	34,164
Engineering-science-management courses ¹	497,109	119,293	127,959	249,857	95,566
Women—new enrollment:					
Pre-employment and refresher courses.....	² 119,573	(³)	15,671	101,918	35,543
Supplementary courses.....	² 23,980	(³)	2,168	20,209	7,647
Out-of-school youth courses.....	3,564	1,039	233	2,289	1,015
Engineering-science-management courses ¹	35,772	776	3,901	31,095	12,992
Negroes—new enrollment:					
Pre-employment and refresher courses.....	² 69,477	(³)	18,625	30,488	11,549
Supplementary courses.....	² 19,923	(³)	9,323	5,007	2,665
Out-of-school youth courses ¹	91,480	34,716	27,211	29,553	8,986
Engineering-science-management courses ¹	3,813	816	661	2,336	1,092

¹ Courses began December 1940.

² Estimate.

³ Not available.

Source: U. S. Office of Education.

TABLE 9.—Other training programs for war production workers

1. Total number of different youths employed in National Youth Administration defense projects, number of girls, and of Negroes—July 1941-June 1942

Number of different youths	July 1941-Dec. 1941	Jan. 1942-June 1942	Employment, June 1942
Total.....	208,000	233,000	101,743
Girls.....	40,700	55,400	29,407
Negroes.....	26,800	29,000	13,837

¹ Estimate.

Source: National Youth Administration.

TABLE 9.—Other training programs for war production workers—Continued

2. Number of in-plant pre-employment trainees employed by Work Projects Administration, July 1940-June 1942

In-plant pre-employment trainees	July 1941-Dec. 1941	Jan. 1942-June 1942	Employment, June 16, 1942
Total	2, 596	5, 356	1, 531
7, 952			

Source: Work Projects Administration.

3. Number of full-time trainees employed by War and Navy Departments

Type of trainee	War Department	Navy Department
Total.....	27, 210	19, 310
Mechanic learners.....	¹ 25, 965	³ 1, 504
Helper trainees.....		³ 6, 114
Apprentices.....	³ 1, 245	³ 11, 692

¹ Includes other types of full-time trainees.² July 1, 1942.³ March 1942.

Source: U. S. Civil Service Commission.

4. Estimated number of other civilian trainees in Navy Department—March 1942

Trainees in trades and occupation.....	35, 000
Professional, technical, scientific, managerial and clerical workers.....	4, 000

Source: U. S. Civil Service Commission.

5. Estimated number of apprentices, excluding War and Navy Department apprentices, June 1942. 172, 000

Source: Estimated by O. L. Harvey, Apprentice-Training Service, Federal Security Administration.

REPORT ON NEGRO EMPLOYMENT IN FIRMS AND MEMBERSHIP IN UNIONS CITED BEFORE THE PRESIDENT'S COMMITTEE ON FAIR EMPLOYMENT PRACTICE

According to our most recent information, the following is a résumé of Negro employment in certain firms cited before the President's Committee on Fair Employment Practice:

BUICK MOTOR DIVISION, General Motors Corporation, Melrose Park, Illinois:
 Total Negro employment..... 350 } As of July
 Negro production workers..... 50-75 } 1942.

STEWART WARNER CORPORATION, Chicago, Illinois:
 Total Negro employment..... 44 } As of July
 Semiskilled Negro workers..... 11 } 1942.

MAJESTIC RADIO & TELEVISION CORPORATION, Chicago, Illinois:

At the present time the plant is almost completely shut down due to a lack of vital materials. It expects to go back into partial production in October. There are only 33 workers employed, of whom none are Negroes.

STUDEBAKER CORPORATION, Chicago, Illinois:

Total Negro employment..... 188 } As of Aug.
 Skilled Negroes..... 10 } 11, 1942.
 Semiskilled Negroes..... 78 }

ALLIS CHALMERS MANUFACTURING COMPANY, West Allis, Wisconsin:

Total Negro employment..... 129 } As of July
 Skilled Negroes..... 5 } 1942.
 Semiskilled Negroes..... 14 }

HARNISCHFEGER CORPORATION, Milwaukee, Wisconsin:		
Total Negro employment.....	0	{ As of July 1942.
HEIL MANUFACTURING COMPANY, Milwaukee, Wisconsin:		
Total Negro employment (apparently all in unskilled work).....	140	{ As of July 1942.
NORDBERG MANUFACTURING COMPANY, Milwaukee, Wisconsin:		
Total Negro employment.....	8	} As of July 1942.
Semiskilled Negroes.....	5	
Unskilled Negroes.....	3	
A. O. SMITH CORPORATION, Milwaukee, Wisconsin:		
Total Negro employment.....	237	} As of July 1942.
Skilled Negroes.....	6	
Semiskilled Negroes.....	35	
SPERRY GYROSCOPE COMPANY, New York City:		
Total Negro employment.....	300	} As of August 1942.
Skilled Negroes.....	100	
Semiskilled Negroes.....	150	
Unskilled Negroes.....	50	
NEW SPERRY GYROSCOPE PLANT, Lake Success, Long Island:		
Total Negro employment.....	60	} As of August 1942.
Skilled Negroes.....	20	
Unskilled Negroes.....	40	
FAIRCHILD AVIATION CORPORATION, New York City:		
Total Negro employment.....	6	} As of August 1942.
Skilled Negroes.....	1	
Semiskilled Negroes.....	5	
FORD INSTRUMENT COMPANY, New York City:		
Total Negro employment.....	110	} As of August 1942.
Skilled Negroes.....	6	
Semiskilled Negroes.....	44	
Unskilled Negroes.....	60	

CARL NORDEN, New York City:

This company presented evidence to the President's Committee recently that caused the Committee to withdraw their citation for discrimination.

JULIUS KAYSER COMPANY, New York City:

Total Negro employment..... 70-75 { As of August 1942.

DOUGLAS AIRCRAFT—3 plants: Long Beach, Santa Monica, and El Segundo, California:

This company has a fine record on the Pacific Coast. Approximately 300 Negroes are used in the administrative, technical, and production departments. In addition, this company issued a forthright statement of policy with respect to nondiscrimination.

NOTE.—Report on total employment not ready at this time, but will be submitted at a later date.

BETHLEHEM SHIPBUILDING, Terminal Island, California:

Employment in general has not been very stable at this yard; there has been a continuous fluctuation. Lay-offs, however, have not affected Negro workers to the same degree as they have other workers. This results from the fact that these lay-offs have hit the highly skilled hardest. Our relations with this company have been good in adjusting any problem that has arisen. On the whole, employment conditions for Negroes have been favorable.

HERCULES FOUNDRY, INC., Los Angeles, California:

This company was brought before the President's Committee on Fair Employment Practice as an example as to how good employment policies operate in the hiring of minority groups. The same good policies obtain and Negroes are being given greater opportunity for promotion to skilled jobs. The company did complain, however, that a large number of Negroes had quit and gone to other jobs. It is anxious to eliminate this situation if possible. Employment figures for Negroes show 36 skilled and 19 unskilled.

NORTH AMERICAN AVIATION, INC., Inglewood, California:

Only 8 Negroes were employed at the time this Company was cited before the President's Committee on Fair Employment Practice. For the period ending August 22, 458 Negro workers were employed. Since the company has hired Negro female workers in production, employment has increased. Up until several months ago, Negro male workers were confined to custodial or maintenance jobs. Constant negotiations with the company finally resulted in a change of employment policy, which permitted the use of Negro women and the upgrading and initial hiring of Negro males for production. Our relations with the company are harmonious and the policy of non-discrimination is moving progressively.

LOCKHEED-VEGA AIRCRAFT, Burbank, California:

Combined employment for Lockheed-Vega Company total 602 workers. Of this total, approximately 50 are women. Company policy with respect to nondiscrimination has been satisfactory.

ATLAS IMPERIAL DIESEL COMPANY, Oakland, California:

Higher hourly wage rates and other opportunities at the shipyards have caused Negro workers to by-pass this company when seeking employment. Under the circumstances, we have not kept in regular contact with this company with regard to employment of Negro skilled or other workers.

POULSEN AND NARDON, INC., Los Angeles, California:

Prior to hearings in October, 1941, this company refused to employ Negroes in any capacity. Since then, it has lived up to its pledge to the President's Committee. For the past 60 days new hires have been very few at this company. This has affected expansion of Negro employment. The company's nondiscrimination policy is operating effectively.

CONSOLIDATED AIRCRAFT, San Diego, California:

At the time of the Los Angeles hearings, this company was employing about 210 Negro workers in custodial jobs. Conferences were held repeatedly with the management in an effort to have it arrange to fully integrate Negroes in all capacities. Progress in this direction was slow. It was not until W. Frank Persons came in as Director of Labor Relations that the situation began to improve. On or about July 10, procedures were effected for the up-grading of Negro male and female workers. As a complete deviation from its former policy of initially hiring these workers only as janitors or maids, on the basis of previous experience or pre-employment training, they are now hired for immediate production jobs. The company has appraised the USES accordingly. Our present figures show 78 Negroes in skilled and semiskilled capacities and 260 in unskilled. We are now awaiting a letter from Mr. Persons giving new figures.

VULTEE AIRCRAFT, Downey, California:

Current employment conditions for Negro workers are completely reversed from those existing at the time of the Los Angeles hearings. Up until May 8, the company had not employed a single Negro worker. Since then, 129 have been hired and on September 3, the company started employing Negro women. This company is to be commended in that it did not attempt to place Negroes in custodial jobs as a means of satisfying the requirement of nondiscrimination; nor has it changed policy toward Negro workers been representative of "token" hirings. It has employed Negro workers weekly and the company has also carried out its commitment with respect to using Negro women.

INTERNATIONAL ASSOCIATION OF MACHINISTS, Local 68, San Francisco, California:

As of September 2, one Negro machinist was working under this Local's jurisdiction. This worker had been cleared for employment in the Bethlehem Shipbuilding Company on February 25.

INTERNATIONAL ASSOCIATION OF MACHINISTS, Local 751, Seattle, Washington:

There is one question that must be faced sooner or later in this union, and that has to do with the \$3.50 monthly permit fee charged Negro workers. (This refers to the Boeing Aircraft Company.) As of September 3, 1942, 53 Negro workers had been cleared through Local 751 and are working at Boeing.

SHIPYARD WORKERS UNION, LOCAL 802, San Pedro, California:

We have experienced considerable difficulty with this union. Negro workers are not excluded from membership, but there is a definite policy of limiting this membership. Repeated conferences have been held with officials of the Laborers' District Council and labor members of the various WPB committees in the interest of resolving this situation. According to a report of Mr. James Anderson, Negro representative of the California State Federation of Labor, it appears that progress has been made. Lately, we have had no complaints from Negro workers, indicating their inability to clear through this local. Current information shows that some 500 Negro workers have been admitted to this union in the past several months or since our last conference with its officials.

Source: Compiled in the office of the Chief, Negro Manpower Service, War Manpower Commission.

EXHIBIT 4.—AREA ALLOCATION OF WAR SUPPLY CONTRACTS ACCORDING TO ADEQUACY OF LABOR SUPPLY

REPORT RELEASED BY WAR MANPOWER COMMISSION, INDUSTRIAL
AND AGRICULTURAL EMPLOYMENT DIVISION

SEPTEMBER 1, 1942.

INTRODUCTION

This report analyzes war supply contracts awarded during May, June and July and reported to the War Production Board up to July 31, according to the adequacy of labor supply in the areas in which the contracts were let. This is the second report on the allocation of war supply contracts. These reports are based upon studies by the Bureau of Employment Security of areas of labor surplus, prospective labor shortage and current labor shortage; and upon tabulations by the War Production Board of contracts issued by the Army, the Navy, the Maritime Commission and the Treasury Department.

CLASSIFICATION OF COMMUNITIES

Communities to which war supply contracts have been allocated have been classified into three groups.

"Labor surplus" areas are those in which the general supply of unskilled and semiskilled labor is adequate to meet all known requirements. In these areas, contractors have the best assurance of a stable and efficient working force large enough to satisfy their labor requirements.

"Prospective labor shortage" areas are those in which the general supply of unskilled and semiskilled male labor is sufficient to meet present demands, but a shortage can be foreseen on the basis of actual contract commitments for war production and approved projects for plant construction.

"Current labor shortage" areas are those in which a deficiency of unskilled and semiskilled labor is already apparent. Such areas face the danger of impeded production because of difficulty in staffing plants and high turn-over.

The 222 most important labor market areas in the United States are divided in the following way:

- 95, or 42.8 percent, are areas of labor surplus.
- 91, or 41.0 percent, are areas of prospective labor shortage.
- 36, or 16.2 percent, are areas of current labor shortage.

DISTRIBUTION OF WAR SUPPLY CONTRACTS

The first report in this series, issued by the Industrial and Agricultural Employment Division on July 22, analyzed the area distribution of \$2,499,963,000 in recently awarded contracts. These contracts were distributed as follows:

- \$437,450,000, or 17.5 percent, into areas of labor surplus.
- \$1,407,394,000, or 56.3 per cent, into areas of prospective labor shortage.
- \$480,789,000, or 19.2 percent, into areas of current labor shortage.
- \$174,330,000, or 7.0 percent, into other areas of lesser importance.

Since the publication of the first report, additional contracts totalling \$4,055,629,000 have been analyzed with respect to the labor supply in communities where the work will be done. These contracts were awarded in June and July and reported to the War Production Board between June 23 and July 31. Contracts for which the location of the work is not definitely known have been omitted from the tabulations. The total of \$4,055,629,000 was distributed in the following manner:

\$396,470,000, or 9.8 percent, to labor surplus areas.
 \$2,125,769,000, or 52.4 percent, to prospective labor shortage areas.
 \$1,355,388,000, or 33.4 percent, to current labor shortage areas.
 \$178,002,000, or 4.4 percent, to other communities of lesser importance.

For the period covered by both reports (May 1 through July 31), a total of \$6,555,592,000 in war supply contracts has been analyzed. This total was distributed as follows:

\$833,920,000, or 12.7 percent, to labor surplus areas.
 \$3,533,165,000, or 53.8 percent, to prospective labor shortage areas.
 \$1,836,177,000, or 28.1 percent, to current labor shortage areas.
 \$352,332,000, or 5.4 percent, to other communities of lesser importance.

If a trend is to be found in these data, it is that allocation of contracts to overburdened areas was greater in the later period than in the earlier period. While 17.5 percent of contracts in the first period went to areas of adequate labor supply, less than 10 percent in the second period were so allocated. Correspondingly, while less than one-fifth of contracts in the first period went to areas of current acute labor shortage, over one-third in the second period were given to suppliers in such areas.

CONTRACT AWARDS BY THE RESPECTIVE SERVICES JUNE AND JULY 1942

War supply contracts herein analyzed are awarded by four agencies: the Army, the Navy, the Maritime Commission, and the Treasury Department. The Army awarded approximately 63 percent of the contracts placed in June and July and reported from June 23 to July 31; the Navy awarded 32 percent and the Maritime Commission and Treasury Department awarded the remaining 6 percent.

There are significant differences in the area distribution of contracts by these agencies with respect to the adequacy of labor supply. The dollar volume and the percentage distribution of contracts awarded by the Army, the Navy, and the Maritime Commission and Treasury (taken together) are shown below.

Dollar volume of contracts awarded, June and July 1942

	Contracting Agency		
	Army	Navy	Maritime Commission and Treasury
In Labor Surplus Areas.....	\$151,131,000	\$222,463,000	\$22,876,000
In Prospective Labor Shortage Areas.....	1,480,737,000	539,678,000	105,354,000
In Current Labor Shortage Areas.....	808,859,000	452,742,000	93,517,000
In Other Areas.....	92,098,000	69,965,000	16,239,000
Total.....	2,532,825,000	1,284,848,000	237,986,000

Percentage distribution of contracts awarded, June and July 1942

	Percent	Percent	Percent
In Labor Surplus Areas.....	5.9	17.3	9.6
In Prospective Labor Shortage Areas.....	58.6	42.1	44.2
In Current Labor Shortage Areas.....	31.9	35.3	39.3
In Other Areas.....	3.6	5.3	6.9
Total.....	100.0	100.0	100.0

CONTRACTS PLACED IN CERTAIN CRITICAL LABOR SHORTAGE AREAS

Labor supply is only one consideration entering into the decision to place a contract in one community instead of another community. Transportation, raw materials, power, vulnerability, speed of delivery, and the availability of productive facilities all must be taken into consideration. Among these factors, the most significant in limiting the choice of communities is the availability of facilities.

For many items the range of option in contracting is small. However, there is a large and important group of contracts where the contracting agency has a wide choice in selecting the supplier. These contracts are primarily for the procurement of two types of commodities:

(1) Commodities regularly consumed by the civilian population during peacetime, such as shoes, clothing, mattresses, towels, furniture, etc.

(2) Articles which can be manufactured through relatively simple processes (such as stamping or casting) which require no great precision.

By and large, there is no shortage of productive facilities for commodities of these types. Therefore, it is here that the contracting agencies have the best opportunity to take labor supply into consideration when awarding contracts.

A considerable volume of contracts for such items has recently been placed in communities where shortages of labor, high turn-over, and pressure on housing and other facilities threaten to impede production and delay delivery dates. A special tabulation has been made showing the volume of such contracts awarded to five critical labor shortage areas.

(1) In May, June and July, contracts aggregating \$4,087,389 were placed in Seattle for the procurement of items such as sleeping bags, comforters, jackets, auto covers, mattresses and mittens.

By January 1943, at least 50,000 additional workers will be needed in the Seattle area, primarily for shipbuilding and aircraft manufacture. The housing shortage makes it questionable whether the tens of thousands of outside workers needed to fill out this total can be induced to come into the area. A recent report by the United States Employment Service stated: "The textile industry in Seattle has recently received contract awards in considerable volume and as a result is now seeking to expand its employment. This situation has complicated an already existing shortage of skilled textile workers. . . . These firms are unable to meet the wage scales of war production plants and have, therefore, experienced rising turn-over. One company, for example, hired 73 new workers in the last 60 days, but had 60 quits in the same period."

(2) In Detroit, contracts aggregating \$18,471,393 were placed in May, June and July for commodities such as comforters, tents, gloves, suits, helmets, haversacks and cartridge cups. Detroit must locate about 283,000 workers in order to meet the peak demands of war production and to replace workers inducted into the armed forces. Approximately 100,000 in-migrants will aggravate the already severe housing shortage.

(3) In Los Angeles, contracts for pillow cases, furniture, sleeping bags, mattresses, wiping cloths and similar commodities totaled \$16,707,749 in May, June and July.

By the spring of 1943, approximately 100,000 new workers will be needed in the Los Angeles area despite substantial in-migration of workers for the aircraft and shipbuilding industries during the past few months. The supply of male workers is virtually exhausted.

(4) Contracts for cotton webbing, ammunition-boxes and other products recently awarded to Bridgeport, Conn., total \$2,438,025. Virtually all of the 15,000 new workers required in Bridgeport by July 1943 to produce aircraft, machine tools, ordnance and communication equipment must be drawn from the outside. Here also, housing is the chief obstacle to recruiting and retaining workers.

(5) In Baltimore, contracts amounting to \$10,210,282 for commodities such as cotton duck, tents, trousers, canvas, jackets, pajamas, overcoats and uniforms were awarded in May, June and July.

Labor supply in Baltimore is inadequate even to replace Selective Service withdrawals. The deficit of workers will exceed 60,000 by May 1943.

These five are typical of communities which are so crowded with the production of primary war materials that they should not be asked to produce commodities which might better be manufactured elsewhere.

EXHIBIT 5.—RELATION OF MANPOWER MOBILIZATION TO
PROCUREMENTLETTER FROM JOHN J. CORSON, DIRECTOR, UNITED STATES EMPLOYMENT SERVICE
FEDERAL SECURITY AGENCY, SOCIAL SECURITY BOARD, WASHINGTON, D. C.

SEPTEMBER 15, 1942.

The Honorable JOHN H. TOLAN,
House of Representatives, Washington, D. C.

DEAR MR. TOLAN: I have read the Fifth Interim Report of your Committee with the greatest interest and find myself in substantial agreement with its analysis of the problems inherent in mobilizing manpower and in accord with many of its recommendations. Particularly would I wish to endorse the thesis of the report that "Any effective program for the mobilization of manpower must be formulated in the realization that its full utilization cannot be achieved without coordinating this program with the program of the procurement services."

The U. S. Employment Service has been keenly aware of this problem for some time. Ever since the beginning of the defense program, we have been urging the spreading of contracts so as to bring the work to the available idle workers and plants rather than the reverse. You may not be aware of the fact that the Employment Service, with precisely this end in view, has been providing the contracting authorities, for many months, with detailed information on the availability of labor in the different areas throughout the country. Of course, the United States Employment Service is in a position merely to provide this information and to point out, as emphatically as we can, the undesirable effects of continued concentration of production in areas of labor stringency.

In this connection, the Chairman of the War Manpower Commission in a recent press release (August 20) pointed out that only 17.5 percent of the total dollar volume of war production contracts awarded between May 1 and June 20, had been placed in areas of labor surplus. Nineteen percent, on the other hand, went to areas where the labor supply was already inadequate to meet current demands and 56 percent to areas of prospective labor shortage. In view of the increasing number of areas reported by the Employment Service as experiencing or anticipating labor shortages, the Chairman concluded that "much more attention must be paid to the labor supply factor in deciding where contracts are to be awarded." He added that transfer of civilian production from labor shortage to labor surplus areas and further subcontracting of war work will also help to bring about a better balance of manpower and production requirements.

Your report also emphasizes the importance of studies of plant organization, plant-wide training, upgrading of workers, dilution of jobs, transfer of workers from less to more essential work and the development of hiring schedules—all of which you point out, quite correctly, are essential to the effective utilization of the labor supply for total warfare. The United States Employment Service has actually used each of these recommended measures in an effort to meet the requirements of war contractors effectively and with the least possible drain on the scarce supplies of skilled labor. Far from assuming that our function was merely to provide a referral service for the individual worker, the Employment Service, over a period of years, has developed a comprehensive body of industrial and of occupational data, and a wide range of job analysis and worker analysis techniques which are designed to meet the needs of major war production areas with full regard for Nation-wide labor supply and production factors.

These technical services have been used by many of the largest employers in the country and by various branches of the armed services. For example, programs for greater utilization of labor have been developed for the General Electric Company, Westinghouse Electric, Radio Corporation of America and other firms both large and small. These programs have included job analysis, recommendations for the use of workers in related occupations to meet shortages in various occupations, and the development of aptitude tests and other technical devices for the more effective selection and use of labor. Similar programs have been developed for the U. S. Army and Navy, that for the Army Air Force being especially comprehensive. The United States Employment Service has also been very much concerned with plant organization and has developed "manning" tables for various industries, the different kinds of occupations involved, and the exact number of workers required in each occupation. These materials have been invaluable to war contractors undertaking the manufacture of a new product

and are basic in any program of upgrading or transfer of workers from less to more essential jobs.

As you point out in your report, these technical devices for insuring the most effective use of our labor could and should be applied generally in war production. This can be accomplished through the kind of "plant inspection" program you recommend. I should like to point out that the United States Employment Service has presented a carefully developed plant inspection program for consideration, with respect to both the need for such activity and detailed plans for carrying it out. If funds were made available, we propose that plants in less essential as well as war industries be inspected to determine whether such plants are using workers who could better serve the war effort in war production. We feel that any such program would necessarily require the information and the tools which the United States Employment Service has developed and is now using, to the extent that this has been possible on a purely voluntary and promotional basis. Our experience in this field over a period of many months indicates that such a program would constitute a natural extension of the present relationships of the United States Employment Service with employers.

We believe that a program of plant inspection might be of assistance in meeting another of the problems you raise in your report—discrimination in employment because of race, color, creed, or national origin. As you know, the policy of the United States Employment Service has been to serve all groups within the population equally and to make placements of workers on the basis of their qualifications for the job and that alone. The President's Executive Order No. 8802 was a formal enunciation of a United States Employment Service policy which has obtained since the inception of the Service. In fact, one part of our continuing program has been to develop techniques for increasing the employment opportunities of minority groups. It is true that progress has been slow and sometimes individual staff members of the United States Employment Service have themselves been guilty of the discrimination which we fight as an agency. You recognize, I am sure, that discrimination against minority groups is a long established tradition in many communities and sections of the country. Members of our staff come from these communities as well as from those holding quite different views on the question of discrimination. It is perhaps natural, if not commendable, that staff members should reflect the undesirable attitudes prevailing in their social group. We have undertaken a vigorous program of education with our staff but this as yet has not been successful in all cases.

In dealing with a custom so ingrained, it may be necessary to use more than persuasion to effect a change among employers or workers or the population generally. Thus far, the only weapon which the United States Employment Service has been able to use is persuasion. In certain instances our efforts to persuade an employer to alter a discriminatory hiring specification have merely resulted in the employer withdrawing his order entirely and continuing to hire on the open market on a discriminatory basis. Certainly a program of plant inspection would help to uncover many cases of discrimination which now continue unnoticed. It may be also, that the President's Committee on Fair Employment Practice should be granted powers in dealing with discrimination similar to those held by the War Labor Board in dealing with stoppages of work.

In connection with problems of full and effective use of our labor resources, we recognize that if our efforts in this direction are to be successful we must have detailed and complete information on the demand for labor, the actual need for labor, and the available supply in all parts of the country. As a matter of fact, the United States Employment Service has pioneered in the field of obtaining such data. Shortly after the inauguration of the defense program, we launched a program of periodic surveys of labor supply and demand. These surveys necessarily covered only the more critical occupations, but the list has been revised from time to time as the needs of war production and conditions in the labor market changed. The development of the most effective tools for analyzing labor supply and demand is necessarily a slow process but we feel that considerable progress has been made. The information which we have been gathering, granting its shortcomings, has nevertheless been the major source of information on the labor market that has been available and it has been extensively utilized by a number of Government agencies, including those concerned with war production and contracting, housing, health and welfare, transportation and other problems. We recognize the need for continuously refining these information gathering tools and are ready to take further steps to make them more effective instruments in coordinating production and manpower requirements.

There is one further statement in your report on which I should like to comment. It is stated that placements made by the United States Employment Service in the first four months of 1942 were only 10 percent over the total for the same period of 1941. The inference is that the United States Employment Service handles only a very negligible proportion of war production placements. Elsewhere the statement is made that the United States Employment Service has "traditionally served as a referral agency for persons who are unemployed for longer or shorter times" and has "characteristically worked closely with relief agencies." It is true that clients of relief agencies and workers on WPA have from time to time been required to register with the United States Employment Service. More recently, since 1935, claimants for unemployment insurance have also been required to register.

Of course, workers finding jobs through the United States Employment Service have come from all social and economic groups and it has been our traditional policy to serve all groups in the community. Since the beginning of the war, however, the United States Employment Service has gradually changed the emphasis of its work until now service to war production employers and to workers with skills needed by war industries takes precedence over all other activities. Both U. S. Employment Service Operations Bulletin No. B-29 and a War Manpower Commission Directive instruct employment offices to consider war production needs above all else and in the order of their relative importance and indicate in detail how the employment offices are to convert themselves to a full war footing.

Entirely apart from these instructions, however, the effect of the defense program and later the war, has been clearly reflected in the number and character of our placements during the last two and a half years. An increasingly large proportion of our placements have been of industrial production workers, and of skilled and technical workers. Moreover, the statement that placements during the first four months of 1942 were only 10 percent above the same period of 1941, while true, does not adequately reflect the course of our activities. It overlooks the fact that the placements in the first four months of 1941 were 52 percent over those made in the same period of 1940. The relatively smaller increase in 1942 as compared with 1941 must be understood in terms of this previous very substantial increase and in view of the fact also that displacements as a result of production and conversion factors were widespread during the first four months of 1942.

The trend of placements made by the United States Employment Service has been continuously upward, with minor setbacks, since early in 1940. In 1941, regular placements were 63 percent over the 1940 total; in the first five months of 1942, they were almost 15 percent above the same period of 1941. Moreover, in States with large war contracts, placements have increased much more than is indicated by these national totals.

The above data is presented to the end that you may be apprised of progress which has been made by the United States Employment Service but not clearly reflected by statistical material to which you have had access. It was believed that you would be interested in knowing the steps which have been taken to insure the full assumption of responsibility by the United States Employment Service to meet, to the greatest possible extent within its wholly inadequate financial and staff limitations, the labor needs occasioned by the war program.

Very sincerely yours,

JOHN J. CORSON, *Director.*

EXHIBIT 6.—MANPOWER FUNCTIONS OF CIVILIAN PERSONNEL DIVISION, SERVICES OF SUPPLY, WAR DEPARTMENT

DOCUMENTS SUBMITTED BY LEONARD J. MALONEY, CHIEF, MANPOWER BRANCH, CIVILIAN PERSONNEL DIVISION, SERVICE OF SUPPLY, WAR DEPARTMENT, WASHINGTON, D. C.

(A) ORGANIZATION OF MANPOWER BRANCH IN ITS RELATION TO CIVILIAN PERSONNEL DIVISION, SERVICES OF SUPPLY

JULY 17, 1942.

MEMORANDUM FOR ALL LIAISON OFFICERS.
SUBJECT: Administrative Outlines.

1. For information and direction concerning the scope of responsibilities and duties of the Manpower Branch and its field representatives, the following administrative outlines are made a part of the Administrative Manual.

- a. Organization of the Services of Supply, March 9, 1942. (Circular 59).
- b. Chart and organization plan of the Civilian Personnel Division.
- c. Organization chart and statements for Manpower Branch and Sections.

- (1) Organization chart.
- (2) Description of the functions of the Manpower Branch.
- (3) Executive offices—Manpower Branch.
- (4) Outline of functions, Labor Supply Section.
- (5) Outline of functions, Military Requirements Section.
- (6) Outline of functions, Pre-Induction Training Section.
- (7) Outline of functions, Reports and Analysis Section.
- (8) Outline of functions, Liaison Officers.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(G. O. 24)

General Orders }
No. 24 }

HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., July 20, 1942.

	Section
Reorganization of the Staff Divisions and Administrative Services, Services of Supply.....	I
Announcement of appointments.....	II

I. *Reorganization of the Staff Divisions and Administrative Services, Services of Supply.*—Effective July 20, 1942, the following changes in the organization of the Staff Divisions and Administrative Services, Services of Supply, are directed (see attached chart), and all previous instructions in conflict herewith are rescinded:

1. The Office of the Deputy Chief of Staff for Requirements and Resources is abolished.

2. The following offices are established in the Headquarters, Services of Supply:
- Assistant Chief of Staff for Matériel.
 - Assistant Chief of Staff for Operations.
 - Assistant Chief of Staff for Personnel.

3. The Office of the Director of Procurement is established in the Office of the Assistant Chief of Staff for Matériel.

4. The following transfers of functions, personnel, records, and equipment are directed:

- a. To the Assistant Chief of Staff for Operations:
 - (1) Operations Division, redesignated the Plans Division.
 - (2) Distribution Branch, Procurement and Distribution Division, redesignated the Distribution Division.

b. To the Assistant Chief of Staff for Matériel:

- (1) Requirements Division.
- (2) International Division.
- (3) Resources Division.
- (4) Production Branch, Procurement and Distribution Division, redesignated the Production Division.
- (5) Purchases Branch, Procurement and Distribution Division, redesignated the Purchases Division.

c. To the Assistant Chief of Staff for Personnel:

- (1) The Military Personnel Division.
- (2) The Civilian Personnel Division.
- (3) The Special Service, redesignated the Special Service Division.

II. *Announcement of appointments.*—1. Brigadier General Lucius D. Clay, O9318, U. S. A., is appointed Assistant Chief of Staff for Matériel.

2. Brigadier General LeRoy Lutes, O5413, U. S. A., is appointed Assistant Chief of Staff for Operations.

3. Colonel Joe N. Dalton, O4785, General Staff Corps, is appointed Assistant Chief of Staff for Personnel.

4. Brigadier General William H. Harrison, O909263, U. S. A., is appointed Director of Procurement.

By command of Lieutenant General SOMERVELL:

W. D. STYER,
Brigadier General, General Staff Corps,
Chief of Staff.

OFFICIAL:

J. A. ULIO,
Major General,
The Adjutant General.

THE CIVILIAN PERSONNEL DIVISION

STATEMENT OF ORGANIZATION

In the War Department Reorganization (Circular 59, Page 6, 7e(7), March 2, 1942) the Service of Supply is assigned the responsibility for "the administration of all functions which are Army-wide in scope and which pertain to personnel as individuals, both military and civil, to include premilitary training, mobilization of individual manpower, and labor relations."

Under this general assignment the Civilian Personnel Division has been specifically authorized to represent the Services of Supply and the War Department in the formulation, supervision and execution of policies and practices in labor supply and labor relations. The Division also represents the Services of Supply in the formulation, supervision and execution of personnel standards, policies and practices including premilitary training.

To carry out these responsibilities the Civilian Personnel Division operates as a staff service under the Commanding General of the Services of Supply. Within the scope of its responsibilities, the Civilian Personnel Director represents the office of the Commanding General in its relationships with the chiefs of all the Supply Services, the Corps Area Commanders and all offices, agencies, boards and committees of the War Department coming under the jurisdiction of the Services of Supply.

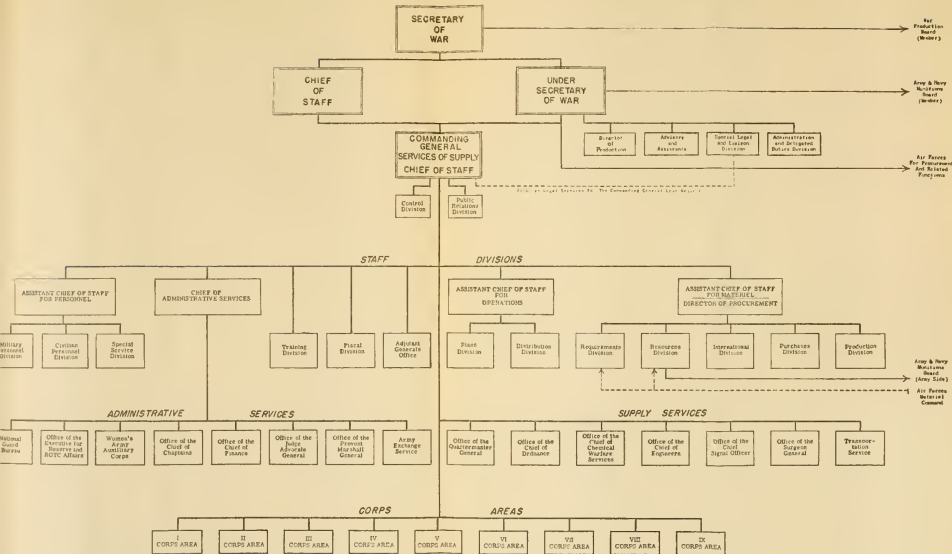
The Civilian Personnel Division, in addition to its executive officers and staff services, maintains three operating branches: 1. Civilian Personnel Branch, 2. Labor Relations Branch, 3. Manpower Branch.

Civilian Personnel Branch:

1. To be responsible for the formulation of policy, the development of programs and the supervision of administration of all civilian personnel matters within the Services of Supply.

2. To review continuously existing practices with respect to estimating requirements, selection of applicants, assignment of employees, classification of jobs, induction of employees, wages, hours of work, overtime compensation, promotion, upgrading, demotion, rating of employees and relations with employees, and to draft recommendations as needed for any changes.

ORGANIZATION OF THE SERVICES OF SUPPLY



APPROVED: 

Commanding General Services of Supply

3. To institute a uniform system of job analysis and labor grading for ungraded employees. To supervise the conduct of wage surveys and to make recommendations on such changes as may be necessary to bring into closer accord compensation of "ungraded" and "graded" employees of the Services of Supply.

4. To develop and supervise programs for in-service training of executives, supervisory, manual and clerical workers and to provide assistance to the Services of Supply in carrying out these programs. To arrange with other branches of the Civilian Personnel Division for such supplementary vocational training as may be needed by employees. To prepare handbooks, guides and manuals for the use of employees.

5. To assist in development and supervision of facilities and services to employees.

6. In cooperation with the Surgeon General's Office, to develop programs for industrial health and the safety of employees of the Services of Supply.

7. To provide necessary liaison with the Civil Service Commission in the establishment and manning of jobs within the classified departmental service.

8. Continuously study problems affecting the efficiency of employees and develop ways and means of overcoming them.

9. To perform such related functions as may be necessary for the proper prosecution of the Civilian Personnel Division program.

Labor Relations Branch:

1. To be responsible for the formulation of policies and the development of programs on labor-relations matters and to supervise all labor-relations activities within the Services of Supply, such activities to be carried on in close cooperation with the Manpower Branch of the Civilian Personnel Division.

2. To provide a liaison with national and international labor organizations such as the American Federation of Labor, Congress of Industrial Organizations, and independent labor organizations.

3. To represent the War Department in all matters involving labor relations in which the War Department has a direct interest and to provide liaison with the War Labor Board, the National Labor Relations Board, the Department of Labor and other Labor Relations Agencies.

Manpower Branch:

1. To be responsible for the formulation of policies and the development of programs for the effective utilization of civilian manpower, making plans for the speedy mobilization of labor for the prosecution of the War Production Effort, and to supervise all labor-supply activities within the Services of Supply.

2. In cooperation with other agencies and divisions to estimate manpower needs for War Department operations and for war production and to assist in the planning for recruitment and distribution for maximum war production, to advise procurement and manufacturing agencies of the Services of Supply on areas of labor shortage and labor surplus as a guide for the effective distribution of war production contracts.

3. To develop programs for special nonmilitary training of civilians prior to induction into the armed forces.

4. To represent the War Department on all matters dealing with manpower and the utilization of labor, serving as liaison with the War Manpower Commission and its constituent agencies, the War Production Board, the Department of Labor, the United States Employment Service, the Selective Service Administration and other Government agencies if necessary.

MANPOWER BRANCH, CIVILIAN PERSONNEL DIVISION

STATEMENT OF DUTIES AND FUNCTIONS

The Manpower Branch, as a part of the Civilian Personnel Division, has the following general responsibilities:

1. To formulate policies and develop programs for the effective utilization of civilian manpower for War Department production and military services by:

- a. Active cooperation with labor supply and training agencies, and Selective Service.
- b. Direct action on behalf of the War Department in supplementing such agencies.
- c. Arrangements for appropriate training of individuals prior to entrance into military service or employment by the War Department.

2. To supervise all labor supply activities within the Services of Supply by:
 - a. Serving as the representative of the Supply Services in all problems of labor information, labor supply, and the coordination of employment programs of the Supply Services with the facilities of labor supply and training agencies.
 - b. Providing technical supervision and guidance to Supply Services in labor supply policies and practices, both on a national level and through Liaison Officers on local levels.
 - c. To serve as liaison on labor supply matters with the War Manpower Commission, the War Production Board, the United States Employment Service, Selective Service, Department of Labor, and other Government agencies as necessary, on the national level and through Liaison Officers on local levels.
 - (1) On the Federal level, Mr. Goldthwaite Dorr, Special Assistant to the Secretary of War, serves on the War Manpower Commission and represents the Manpower Branch as well as other divisions of the War Department. The Chief of the Manpower Branch and the chiefs of appropriate sections of the branch maintain liaison with corresponding sections of the War Manpower Commission and associated agencies.
 - (2) At regional levels the Liaison Officers of the Manpower Branch will serve as Liaison Officers with the regional officers of the War Manpower Commission. The Liaison Officers as representatives of the War Department will not be under direct supervision by the War Manpower Commission but will participate in its work on labor supply problems within the area, and will directly represent War Department interests in labor supply. The same relationship will exist where War Manpower Commission offices are established on subregional, State, or local levels.

EXECUTIVE OFFICES, MANPOWER BRANCH

STATEMENT OF DUTIES AND FUNCTIONS

The Executive Offices of the Manpower Branch include the Chief of the Branch, the Executive Officer, the Operations Section, and the Plans and Staff Training Section.

1. *The Chief of the Manpower Branch* is responsible for the determination and execution of policy and programs, and the coordination and direction of staff and line operations of the Manpower Branch. Under the Director of the Civilian Personnel Division, he is responsible for representing the Manpower Branch and coordinating its activities with the other branches of the Civilian Personnel Division and with other agencies.

- a. The Executive Officer is the Chief Administrative Officer of the branch and also serves as Associate Chief representing the Chief of the Branch in his absence or on assignment.
2. *The Operations Section* is responsible for the control and direction of the field officers of the Manpower Branch.
 - a. The Chief of the Operations Section, under the supervision and direction of the Chief of the Branch and the Executive Officer, will be responsible for the development of a unified field program for the Manpower Branch.
 - b. The Chief of the Operations Section will exercise direct line authority over the Liaison Officers on regional, State or local level.
 - c. He will be responsible for the receipt and handling of all reports and correspondence with the field Liaison Officers.
 - d. He will be responsible for the proper execution, by the Liaison Officers, of the established policies and procedures of all sections of the Manpower Branch.
 - e. He will refer to the Section Chiefs reports and correspondence for handling and for preparation for signature.

3. *The Plans and Staff Training Section* is established within the Executive Office.

- a. To assist the Section Chiefs and Executive Officers in preparing organization charts and job descriptions, statements of policy, and operating procedures.
- b. To be responsible for collecting and maintaining current records of all established policies and procedures of the Manpower Branch and preparing suitable training materials based on these records.
- c. To be responsible for induction training for all new staff members of the Manpower Branch.
- d. To be responsible for continuing training programs for the Manpower Branch in all new or revised procedures and policies of the branch, and in such policies and procedures of related services of the Civilian Personnel Division, the War Department and other agencies as directly pertain to the work of the Manpower Branch.
- e. To be responsible, in cooperation with the Executive Officers and Section Chiefs, for the distribution to the Field and Staff Officers of informational materials, publications, changes in personnel or organization.
- f. To maintain liaison with training, information, and public relations sections and other branches of the S. O. S., and of related agencies.

LABOR SUPPLY AND DEMAND SECTION

STATEMENT OF DUTIES AND FUNCTIONS

1. To ascertain the manpower needs of War Department contractors, to evaluate the factors such as recruiting methods, training methods, transportation and housing facilities which preclude the satisfaction of these needs.

2. To formulate and recommend to the proper agencies for action, War Department policies and programs for the orderly recruitment, training, transportation, and housing of industrial and agricultural workers.

3. To direct the Supply Services and to advise war industries in all matters of labor supply for war production.

4. To provide liaison on national and regional levels in all labor supply matters with the War Manpower Commission and its constituent agencies, the War Production Board, the Navy, the Maritime Commission and other agencies interested in labor supply and training; and to directly represent the Supply Services in their labor supply problems and the coordination of their employment pictures with other agencies.

MILITARY REQUIREMENTS SECTION

STATEMENT OF DUTIES AND FUNCTIONS

1. To maintain schedules of information concerning the military needs for manpower as far as they are now determined, and estimates of the probable needs for future periods. Such information to be in the form in which it will be of most use for labor supply and training activities.

2. To formulate policies and plan programs for the transfer to civilians of non-combatant jobs with the armed forces which can be satisfactorily performed by women or by men not eligible for military duty. In cooperation with the Labor Supply Branch to formulate policy on the filling of these jobs. To provide general supervision for these programs.

3. To supervise all matters dealing with the deferment from military service of such civilian personnel as may be deemed essential to the War Department or to contractors working for the War Department, and to formulate plans and execute established policies and procedures for the release from the Army of key industrial personnel necessary for the War Production program.

4. To represent the War Department in the Army and Navy Munitions Board and similar organizations on all matters dealing with manpower and military personnel in relation to labor supply problems, and the utilization of labor.

5. To represent the Civilian Personnel Division on problems involving internal security and the protection of information when these problems are related to questions of labor supply.

6. To provide liaison:

1. On labor supply policies as they affect military personnel with:
 - (a) Military Personnel Division, Services of Supply.
 - (b) The Adjutant General's Department.
 - (c) The General Staff and other War Department agencies.
 - (d) Air force.
 - (e) Ground force.
 - (f) Navy.
2. On all matters with the Selective Service Administration.

PRE-INDUCTION TRAINING SECTION

STATEMENT OF DUTIES AND FUNCTIONS

Policy and planning

1. Establish policies, plan, initiate, coordinate and supervise the necessary and appropriate training of individuals prior to entrance into military service or employment by the War Department, except for personnel specially trained to perform functions peculiar to the air forces.

2. Recommend policies regarding the effective use of trained manpower.

- a. Propose effective relationships between pre-induction and post induction training.
- b. Propose improvements in practices of detecting and assigning skilled manpower to military duty.
- c. Propose methods of detecting and assigning men with substitute qualifications for critical skills.
- d. Propose improvements in methods of reassigning skilled men in service.
- e. Propose job classifications and standard qualifications.

Needs

In cooperation with the divisions and officers concerned and other agencies determine:

1. Manpower needs and shortages in terms of numbers, skills and degrees of skill required.
2. Training needs in terms of skills and when required.
3. Training facilities needed to meet training requirements.

Survey of facilities

In cooperation with the field representatives and other agencies, determine and recommend:

1. Facilities available for training skills required.
2. The locations, character and suitability of such facilities.
3. The preparation of a check list of basic requirements, for equipment, qualifications of instructors, courses of study and housing.
4. Necessary changes to adapt existing facilities to effectively serve pre-induction training.

Program

1. Determine courses of study appropriate to develop needed skills according to Army standards.¹
2. Survey and adapt courses of study, manuals and methods of instructions to meet Army requirements.
3. Preparation of necessary instructional manuals as needed.
4. Investigate and recommend improvements in instructional methods, equipment and facilities.
5. Coordinate pre-induction training programs with the post-induction training program.

REPORTS AND ANALYSIS SECTION

STATEMENT OF DUTIES AND FUNCTIONS

Functions

1. To collect, correlate, analyze, and interpret reports from all establishments of the various services of Services of Supply which will reveal:
 - a. Volume of current civilian employment, by occupation.
 - b. Anticipated hires and lay-offs by occupation.
 - c. Degree to which various labor needs of the Services may be considered critical.
 - d. Whether or not special measures, such as special recruitment devices, increased use of women, training, etc., will be necessary in order to insure an adequate supply of labor.
2. To arrange for obtaining regularly from the appropriate Government agencies and to have readily accessible information in the form of surveys, special reports, etc., on condition of labor supply in all significant labor markets in the United States which will show:
 - a. Labor market areas in which serious general shortages of manpower already exist.
 - b. Labor market areas in which labor is currently adequate but shortages are anticipated on the basis of contracts already awarded or new plant site awards.
 - c. Labor market areas in which an ample labor supply is available currently and in the foreseeable future.
3. To arrange for obtaining regularly from the appropriate Government agencies and to have in readily accessible form lists of essential war occupations in which critical shortages have developed or are expected to develop. These should be available in form to reveal:
 - a. Occupations in which there are general national shortages.
 - b. Occupations in which shortages have developed only in specified areas.
4. To arrange for obtaining regularly from the appropriate Government agencies and to have accessible, data revealing for specific areas the size of the available labor force and known future demands for labor by monthly periods at least six months in advance.
5. To promote, advance, and obtain periodically from the appropriate Government agencies special studies of manpower problems in particular industries, such as munitions, aircraft, tanks, etc., in which the S. O. S. may have a special interest.
6. To work in cooperation with other appropriate agencies of Government to develop procedures and techniques for improving and expanding the available sources of information in the field of labor supply.
7. To initiate, promote, and help direct projects within S. O. S. and in other related agencies which will provide more accurate information about and permit more precise estimates of labor needs, by skill, location, and time period.
8. To be responsible for keeping the branch completely and continuously informed regarding all information and data on labor supply available everywhere in Washington and regarding any new or proposed projects to be undertaken in this field so that:
 - a. The interests of the S. O. S. may be represented wherever it is possible to influence the course of such new work.
 - b. The Manpower Branch is fully aware of all operations in this field and of all potentially available information.
9. To keep the policy and operation sections of the Manpower Branch continuously informed regarding factual developments revealing problems requiring special attention, and to analyze and present reports to such sections in such form as to indicate lines of possible action or policy.
10. To be responsible for regular routing of selected data on labor supply, critical occupations, etc., to the field liaison officers of the Manpower Branch.
11. To develop and operate a reporting system on labor supply from the field liaison office to the Washington office to supplement local sources of data.
12. To gather such special information and data as may be requested by the operating and policy sections from time to time.

LIAISON OFFICERS, MANPOWER BRANCH, SERVICES OF SUPPLY

STATEMENT OF DUTIES AND FUNCTIONS

1. General responsibilities: Liaison Officers, whether assigned to regional or local areas, will be the representatives of the Services of Supply in all matters of labor supply. They will assume appropriate responsibility for all matters within the scope of the Manpower Branch, and upon assignment may also represent and act for the Labor Relations Branch of the Civilian Personnel Division.

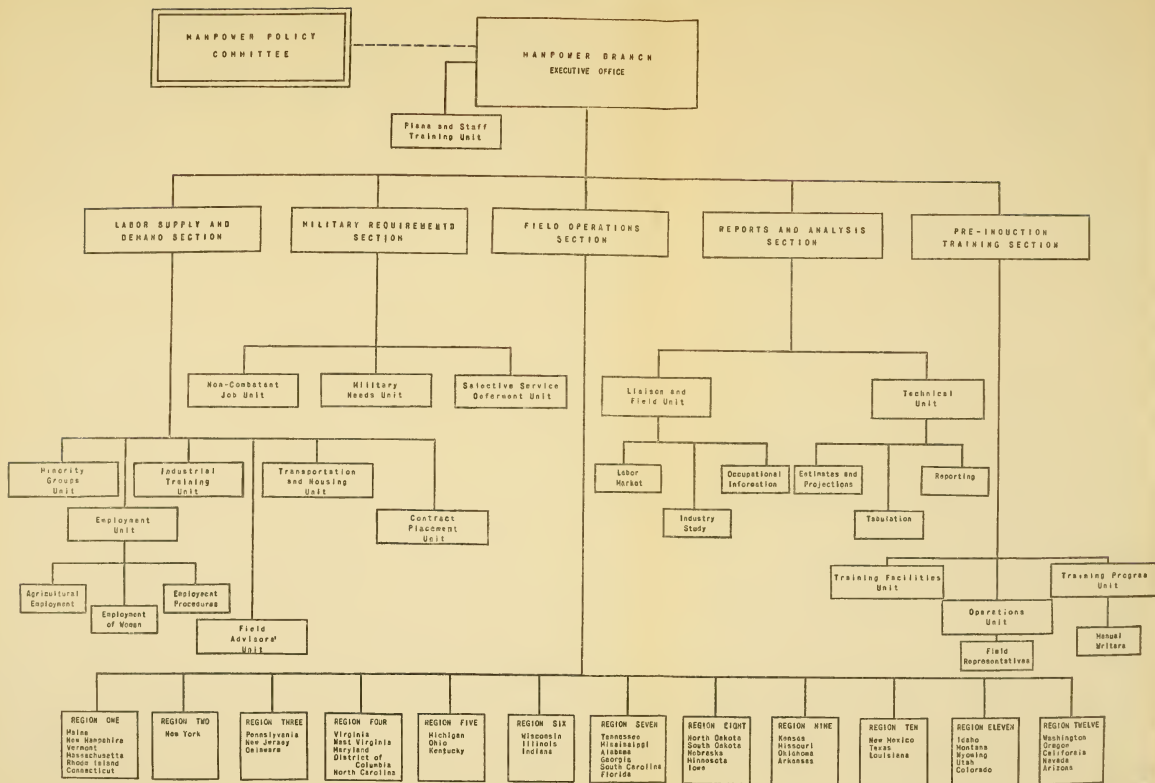
2. Specific responsibilities: All Liaison Officers have the responsibility, upon direction from the Manpower Branch and in accordance with the labor supply policies determined for the Services of Supply:

- a. To recommend and to assist in the formulation of labor supply policies for the Services of Supply.
- b. To ascertain the manpower needs of the Supply Services and related war industries.
- c. To furnish labor supply information and to give technical supervision and assistance to the Supply Services in meeting their labor supply needs.
- d. To represent the Manpower Branch in providing for the War Department an official source of information as to the adequacy of labor supply to meet War Department requirements, including information concerning military requirements and the need for pre-induction training.
- e. To serve with Divisions of the War Manpower Commission and to directly represent the Supply Services in clearing labor matters and in coordinating their needs and activities with the War Manpower Commission, its constituent agencies and related services.
- f. To cooperate and if necessary to initiate community action with individuals or groups in securing effective employment practices in accordance with the policy of the War Department.
- g. To secure action and final solution of local labor supply problems wherever possible and to make proper reference to the Chief of the Manpower Branch of such labor supply problems as cannot be satisfactorily settled locally.

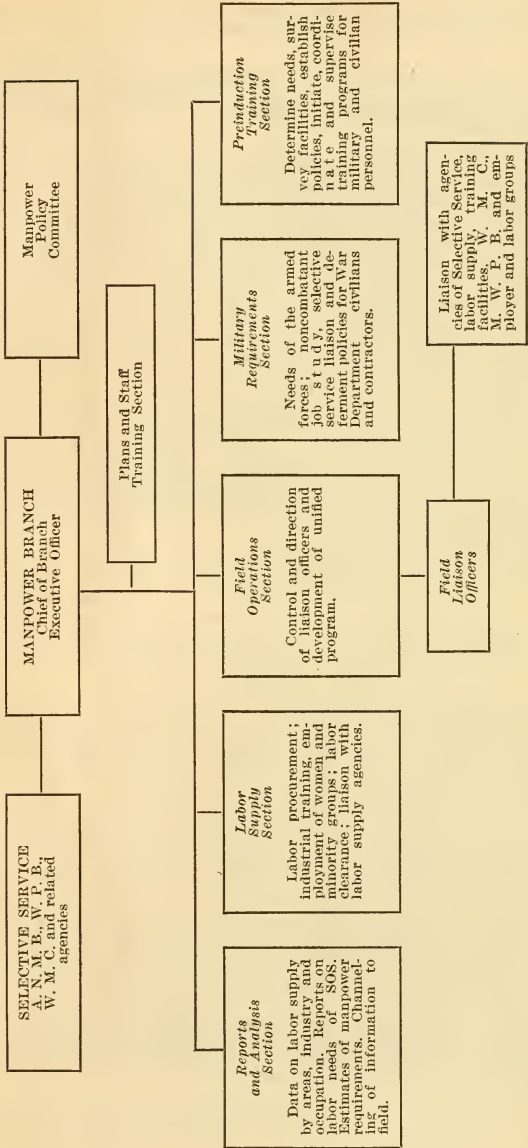
3. Liaison Officers, according to the needs of the labor supply program for the War Department, will be assigned on regional, State and local levels:

- a. The *Regional Liaison Officers* will be located in the areas of the Regional Offices of the War Manpower Commission and will have general supervisory responsibility for the interests of the Services of Supply in labor supply problems within the region. He will also have supervisory responsibility over any other Liaison Officers, S. O. S., within the region and will direct and coordinate the work for the Manpower Branch.
- b. Within a region, subregional, State or local Liaison Officers may be assigned to represent the Manpower Branch and to assist the Regional Liaison Officer. Where so assigned, these Liaison Officers will have corresponding authorization within the area to that of the Regional Liaison Officer, except that reports and instructions, unless otherwise directed, will be with the Regional Liaison Officer rather than with the Chief of the Manpower Branch. Below the regional level, Liaison Officers will be assigned only in critical labor market areas where immediate and continuing representation is deemed necessary for proper service to War Department interests in labor supply. Because of service to a smaller area, these Liaison Officers will be expected to know more intimately and to serve more directly and completely the labor supply interests, than may be possible for regional officers. They will be expected to be familiar with and active in labor market studies, problem analyses, employment policies, recruitment practices, training facilities and all phases of labor market activities including housing, transportation, and related problems.

ORGANIZATION CHART MANPOWER BRANCH



ORGANIZATION CHART, MANPOWER BRANCH, CIVILIAN PERSONNEL DIVISION



(B) INCLUSION OF ARMY AIR FORCES WITHIN SCOPE OF RESPONSIBILITY OF
MANPOWER BRANCHWAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., August 13, 1942.

SUBJECT: Inclusion of Army Air Forces Within Scope of Responsibility, Manpower Branch.

To: All Liaison Officers.

1. The Manpower Branch, Civilian Personnel Division, has the specific authority and responsibility for providing technical supervision and guidance in the labor supply policies and practices of the Supply Services and for serving as liaison on labor supply matters with the War Manpower Commission, the War Production Board and other agencies. In addition to these responsibilities, which have been formally assigned the Civilian Personnel Division under War Department reorganization of March 9, 1942, the Civilian Personnel Division is also responsible for these same services for the Matériel Command, Army Air Forces.

2. The inclusion of the Army Air Forces within the scope of responsibility of the Manpower Branch is set forth in the following letters and directives. The Under Secretary of War delegated this function to the Civilian Personnel Division in a memorandum for Brigadier General Styer, Chief of Staff, Services of Supply, on May 19, 1942, which reads in part as follows: "The Civilian Personnel Division [shall] take charge of matters bearing on manpower in the aircraft industry and other industries in which the Army Air Forces are interested, in the same way that this section deals with industrial manpower for production of other equipment for the War Department." General Styer forwarded this memorandum of May 19, 1942, to Brigadier General B. S. Meyers, Matériel Division, Army Air Forces. General Meyers acknowledged and expressed his satisfaction with this agreement in a memorandum dated May 22, 1942, to Brigadier General Styer.

3. Liaison Officers will clarify any misunderstanding which may exist and will perform the same functions for and with the Air Corps Procurement Districts as with the Supply Services.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(C) RÉSUMÉ OF CONFERENCE OF LIAISON OFFICERS OF MANPOWER BRANCH

MONDAY MORNING SESSION—JUNE 22

The conference was opened by *Lt. Col. James T. O'Connell*, Executive Officer of the Civilian Personnel Division. Colonel O'Connell welcomed the Liaison Officers and introduced *Mr. James P. Mitchell*, Director, Civilian Personnel Division. Mr. Mitchell outlined the functions and objectives of the Services of Supply with particular emphasis on the responsibilities of the Civilian Personnel Division and the Manpower Branch. He stated that—

Labor supply responsibilities are closely linked with Selective Service, and the duties of Occupational Advisors are part of the whole labor supply function. However, demands for full time work in labor supply for war production made necessary the reassignment of officers between Selective Service and the Manpower Branch.

Labor supply is closely related to labor relations functions and Liaison Officers may be assigned special responsibilities as Field Representatives of the Labor Relations Section of the Civilian Personnel Division.

There is an increased need for reliable estimates of: the manpower requirements for the Army itself; the manpower requirements for Army contractors; the manpower requirements for the Army Procurement Districts. Primary responsibility in labor supply is to adequately present labor needs to proper labor supply agencies. Initial responsibility is with the Washington staff, the remaining responsibility is with the Field Staff in liaison at national, regional, and local levels with the Manpower Commission, War Production Board, labor supply and training agencies.

Mr. Mitchell later gave an illustrated talk on the importance of the manpower function in production of materials necessary for the equipment and maintenance of the Army—

The production of materials depends on the efficiency and morale of the present *ten million* war workers and our ability to increase this force to *seventeen million* war workers. Sound policies of labor supply and labor relations are essential in meeting the responsibility for materials which rests on the Services of Supply.

The War Department is one of the Nation's greatest employers of civilian labor, employing more than 610,000 civilian workers. Four hundred thousand additional civilian employees on cost-plus-a-fixed-fee contracts gives the Army responsibility for sound wage and employment policies on the part of contractors. The Corps of Engineers alone has cost-plus contracts which by September will total five and a half billion dollars.

The indirect employment of one-fourth of the Nation's labor force on jobs for the Army makes Army production plans and Army policy on employment standards one of the major determinants of national labor supply policy.

Only through an organization which can devote its full time to these problems can Services of Supply handle manpower problems adequately. Such an organization is the Civilian Personnel Division, Services of Supply, which has three branches: (1) Manpower, (2) Labor Relations, (3) Civilian Personnel. The manpower functions include:

1. Supervision of Army's labor supply program;
2. Development of estimates on manpower needs;
3. Liaison with Manpower Commission, War Production Board, and Selective Service System;
4. Guidance to procurement officers on contract placement;
5. Utilization of Nation's manpower;
6. Policies for effective use of minority groups;
7. Pre-induction programs for training in special skills for the Army.

There followed a discussion:

Q. Should Liaison Officers continue to contact Selective Service?

A. Liaison should be conducted, particularly in matters of labor supply, but action should be in policy matters on the State level and not in individual deferment cases.

Q. Is there a responsibility for handling Navy as well as Army needs?

A. Yes; upon any specific request of the Navy.

Q. Are needs of the air forces included in the responsibilities of the Liaison Officers?

A. Yes; the same responsibilities as to the air forces as to the ordnance plans.

Q. Will there be a field staff for the Labor Relations Branch?

A. Not at present and Liaison Officers will assist on specific cases as directed.

The next speaker was *Mr. Leonard J. Maloney*, new Chief of the Manpower Branch. Mr. Maloney congratulated the Liaison Officers on their past performance as he had observed it as an Employment Service Director—

The jobs of Liaison Officers are interpretative, advisory, and based on "persuasive guidance." Action should be through existing agencies or in supplementing rather than duplicating such agencies. Liaison Officers should understand:

1. The labor supply problem on State, regional and national levels;
2. The needs of particular individuals and employers in essential war production;
3. The relative importance of needs of contractors in terms of production schedules and critical war needs.

Mr. Maloney indicated the present and anticipated increased shortages of skilled workers; the probable employment of 27 million persons in the war effort and the accompanying problems of housing, transportation, and use of minority groups.

Q. Will there be a Directive setting forth priority or preferences of industries in order of war importance?

A. Such a list is in process, listing types of production in three groups:

1. Those considered most important and which are behind in production immediately needed;
2. Industries on essential war production whose production is on schedule but whose products are immediately needed;
3. Firms which are either ahead of production or whose products are not of immediate demand.

Preference or priority lists are intended for Regional Directors with adjustments or appeals made on the regional level.

MONDAY AFTERNOON SESSION—JUNE 22

Mr. Maloney introduced *Lieutenant Colonel Junius R. Smith*, Executive Officer of the Manpower Branch. Colonel Smith distributed organization charts of the Civilian Personnel Division and of the Manpower Branch, and a booklet of related materials. He then outlined in detail the functions and responsibilities of the Labor Supply Section, the Military Requirements Section, the Operations Section and the Pre-Induction Training Section—

Field force operations is centered in the Office of the Chief with the Administrative Sections performing staff services on the national level. Liaison Officers are representatives of the Services of Supply with all its implied powers. They will also become members of the Regional Boards of the War Manpower Commission. They are to be concerned with labor supply information and with the recruitment, training, transportation, housing and other problems of labor supply. They are to aid the Procurement Services in solving their labor problems by fully utilizing all agencies concerned with manpower. They are to supply Manpower Branch Headquarters with information on local labor supply problems and on matters of interest in the formulation and execution of regional labor supply policies.

Colonel Smith then introduced *Major George L. Webber*, Chief of the Military Requirements Section. Major Webber briefly reviewed the development and work of the Liaison Officers as representatives of the Office of the Under Secretary, the Resources Division, of Selective Service, and of the Manpower Branch. He outlined the major duties of the Military Requirements Section as follows:

1. The job transfer study for the replacement by civilian personnel of officers in certain types of duty;
2. The deferment of key personnel in industry and agriculture and liaison with Selective Service in policy matters;
3. Representation of the War Department on the Army and Navy Munitions Board and liaison with Military Personnel Division, Air Forces, Ground Forces, and Navy on labor supply policies.

The next speaker was *Major S. P. Coblenz*, Liaison Officer for Manpower Branch with National Selective Service Headquarters—

The interest of Liaison Officers in Selective Service is in the effect of Selective Service operations on labor supply. Liaison Officers should maintain frequent and cooperative relationship with the State Directors of Selective Service but should work on policy matters rather than on cases of particular individuals. They are also to assist employers with information about deferment policies and labor supply, and to advise Manpower Branch Headquarters about Selective Service policy and operations effecting labor supply.

The next speaker was *Mr. M. M. Peake*, Chief of the Pre-Induction Training Section. Mr. Peake explained that his program was the newest of the Manpower Branch, having been established only for about forty days. The functions of the Pre-Induction Training Section are:

- a. To determine pre-induction training needs;
- b. To survey available training facilities and to determine appropriate courses and methods of instruction to meet War Department requirements;
- c. To establish policies and to plan, provide, supervise and coordinate necessary and appropriate training of individuals prior to entrance into military service;
- d. To maintain liaison with training agencies and to coordinate pre-induction training programs with post-induction training programs.

As an additional responsibility the Pre-Induction Training Section is interested in providing facilities for a large number of Selective Service registrants who cannot be inducted because they are unable to meet literacy tests or fourth grade requirements.

Liaison Officers have no present responsibility in the pre-induction program but may be requested to perform specific assignments in determining training needs and training facilities.

TUESDAY MORNING SESSION—JUNE 23

The meeting was opened by Mr. Maloney, who introduced *Dr. Douglas Brown* of Princeton University, Consultant for the Manpower Branch. Dr. Brown spoke on current labor market responsibilities—

By December, 1942, there should be 15 million men and women in war production. Additions will include approximately 2 million new workers, 1½ million from the present unemployed group and 7.9 millions by transfer from nonessential industry. Other workers will be drawn from agriculture and other self-employed groups. The estimated potential reserve of women 44 years of age or less, who have no children under 10 years of age, approximates 4.3 millions.

From a qualitative standpoint the Armed Services will draw the younger able-bodied and most adaptable workers, and industry will need to shift toward older men and women. Careful consideration of the length of the work week is needed, since longer hours do not always mean more production.

Some of the incentives to the movement of labor are assurance of continuing employment and favorable wage differentials.

Retarding factors include inadequate or costly living accommodations, transportation facilities, lack of opportunities for the second or third wage earner in the family, and loss of benefits of seniority rights in present employment.

Among the steps necessary for effective mobilization are coordination of procurement functions and distribution of contracts to areas of adequate labor supply.

Mr. Maloney then introduced *Mr. Fred H. Harbison*, Chief of Labor Supply and Demand Section. Mr. Harbison outlined the major functions of the Labor Supply Section listing as a first function the recruitment and allocation of labor—

Piracy and raiding must be eliminated. Orderly recruitment must be effected to avoid disruption of war production. Liaison Officers, representing the Manpower Branch and the Services of Supply, should point out the necessity for orderly recruitment and then work toward that objective. Employers' cooperation must be sought in the induction of women and minority groups including prisoners and interned aliens. Full utilization of training facilities also present an important source of new workers and Liaison Officers should work toward the coordination of recruitment and training programs. The Labor Supply Section will maintain close liaison with the War Manpower Commission and the headquarters office of labor supply and training agencies. The Liaison Officers are expected to work for local solutions of labor supply problems and to forward information and requests for action to the headquarters office in appropriate cases. Liaison Officers must be interested in the transportation and housing problems when they become obstacles to adequate labor supply.

In conclusion Mr. Harbison introduced three other members of his staff, *Captain Russell W. Nauman*, Field Service; *Captain Daniel L. Boland*, in charge of Housing and Transportation, and *Mr. Wilfred C. Leland*, Minority Problems.

Mr. Maloney asked Dr. Brown to make a statement on how Liaison Officers can most effectively assist in the job of labor procurement. Dr. Brown stated that the Army, as the largest user of manpower in the United States, will have a tremendous share of the functions of the War Manpower Commission; therefore, the Army must have full information as to its own labor needs and the employment policies and practices of its divisions as well as information about the general labor supply picture. Dr. Brown closed by saying, "The chief objective on the part of the Liaison Officers is to be fully advised about everything that concerns the use of manpower in their area so as to provide the Army and war contractors information about policies and changes of policies in labor procurement, so that by pulling together it will all add up to a job well done."

Major General Lewis B. Hershey, Director of the Selective Service System, paid a brief visit to the conference, complimenting the Liaison Officers on the work they had done in their relationship with Selective Service and labor supply and expressed his regret at losing from the Selective Service System those officers present who were being transferred to full-time duty with the Manpower Branch. General Hershey stated that in the past relationship both Selective Service and the Manpower Branch had benefited by the cooperative work of the Liaison Officers and he recognized the necessity for separation and specialization of functions at this time. General Hershey was then introduced to each of the officers.

Mr. Maloney then introduced *Lieutenant R. Mayne Albright*, Chief of the Plans and Staff Training Section. Lieutenant Albright summarized the labor supply agencies—

Although war production schedules are being met there is still confusion in labor market information, labor supply agencies, and employment policies and practices.

Short of controls there are two principal objectives:

1. Full utilization of presently employed workers, and
2. Orderly recruitment and training of new workers.

To accomplish these objectives there is already established a complete organization of labor supply agencies:

1. United States Employment Service and Civil Service Commission.
2. National Youth Administration, Vocational Education, Engineering, Science, Management Defense Training, Training within Industry, Apprenticeship Training.
3. Unions, employer associations and private agencies.

These services are coordinated by State Councils of Administrators and regional labor committees formerly of the Bureau of Employment Security and now under the War Manpower Commission.

After sketching the history and development of the United States Employment Service, Lieutenant Albright stated as the chief problems of labor supply:

1. Inadequate needs data.
2. Wasteful employment practices.
3. Area shortages because of wages, housing, etc.
4. Total skill shortages in critical occupations.
5. Need for controls in hiring priorities.

To meet these problems of labor supply and to fully utilize labor supply agencies, Liaison Officers have a *primary* responsibility to effect good employment practices by administrative supervision and persuasive guidance with employment officials in local divisions of Services of Supply.

Liaison Officers have a second responsibility (a) in interpreting labor supply services, (b) in assisting in the regular services and in special problems, (c) in coordination of labor supply services and Services of Supply needs through War Manpower Commission, employer groups and individual employers.

The final speaker at this session was *Captain Ira B. Cross* of the Labor Relations Section, Manpower Branch. Captain Cross made a brief report on the Coosa Ordnance Plant as an example of discriminatory practices and practical solutions.

The War Manpower Commission has a Negro Manpower Division to supplement the work of the President's Committee. The purpose of both groups is to see that in a period of labor scarcity full utilization is made of all available manpower including Negroes and other minority groups. Where misunderstanding can be avoided by early action, solution is made easier in cases of discrimination.

TUESDAY AFTERNOON SESSION—JUNE 23

Colonel Smith introduced *Dean Barker*, representative of the Office of the Secretary of the Navy, who spoke on labor procurement for the United States Navy—

Navy labor procurement is divided into three main areas:

- a. Navy Yards.
- b. Government-owned plants.
- c. Privately owned and operated plants.

From 1922-37 Navy yards were doing little but repair work. Until recently labor supply has been abundant and recruitment has been easy. In the last six months women have been placed in many jobs and on machines and in repair shops. A problem of particular difficulty is selecting the overseas staff.

In privately operated plants the Inspector in Charge works closely with the contractor and tries to interfere as little as possible with his policies. As the labor pool gets tighter relations between naval procurement and Manpower Branch will become much closer.

Navy recruitment will probably continue on a voluntary basis but Selective Service will be used if and when necessary.

Colonel Smith then introduced *Mr. John H. Ohly*, Chief of Labor Relations Branch, Civilian Personnel Division. Mr. Ohly gave some background material on problems of labor supply and indicated the functions that the Labor Relations Branch wishes to perform. The War Labor Board of the National Labor Relations Board and other agencies are designed to settle temporary disputes and to act quickly in preventing or ending strikes, in which the Labor Relations Section is interested as a consumer, that is, as the representative of the largest user of labor. By its organization and position in the War Department, the branch is in a position to get information quickly and impartially and to attempt to secure immediate action in avoiding or settling a dispute. The branch also works with these agencies in helping to determine the strike.

Power has been given the War Department to revise or renegotiate fixed-fee contracts. Though these price adjustments are a matter of labor relations, regulation of overtime and working conditions may also become a matter of labor relations.

The next speaker was *Mr. Herbert Carey*, Chief of the Civilian Personnel Branch of the Civilian Personnel Division. Mr. Carey briefly outlined his talk and gave full copies to each of the officers. He also explained the Civilian Personnel Policy Committee of the Services of Supply, consisting of the Staff Divisions, Administrative Services, and representatives of each of the Supply Services.

Colonel Smith then introduced *Lieutenant Colonel Thomas Lane* of the Division of Internal Security who spoke on "Alien Certification and Internal Security"—

The War Department distributes questionnaires to be presented by the employer to the alien. The questionnaires are forwarded to the Division of Internal Security, which takes immediate action except where further investigation is necessary. There is no policy of the War Department prohibiting the alien from entering war production employment. The Internal Security Division acts for the Navy as well as the Army.

Colonel Smith led a discussion on the problem of employment where the applicant is an American citizen but does not have a birth certificate.

The next speaker was *Mr. Otis E. Mulligan*, Chief of the Labor Relations Section of the United States Department of Agriculture. Mr. Mulligan spoke on the Farm Labor and Department of Agriculture War Boards. Mr. Mulligan gave figures showing the value of agricultural production and the percentages used in the war effort—

The United States has about 30 million farm residents with an additional 7 million persons living in rural areas but not on farms. The actual number of persons working on farms in 1941 was 10,267,000. Although wage levels are still a problem in securing farm labor, there has been an increase from \$43.64 per month without board in 1941 to \$53.20 in 1942. The Department of Agriculture works with the United States Employment Service for finding recruits and replacing workers taken into the Armed Services and war industries. Representatives of the Department of Agriculture, and the voluntary Department of Agriculture War Boards supplement the efforts of the Employment Service, particularly in rural areas not otherwise served. There have been no serious losses in agricultural production to date but next year there will inevitably be such losses.

WEDNESDAY MORNING SESSION—JUNE 24

The first speaker on the Wednesday morning program was *Mr. Arthur Fleming*, member of the Civil Service Commission. Mr. Fleming outlined the change in operations of the Civil Service Commission in eliminating investigations and the

establishment of registers to facilitate the recruitment and placement of workers in the shortest possible time.

Mr. Fleming was of the opinion that wage stabilization in the near future was not to be expected. Neither did he anticipate national service for the control of civilian workers. The Civil Service Commission is represented on the War Manpower Commission.

Mr. Maloney then introduced *Brigadier General Frank J. McSherry*, Chief of Operations of the War Manpower Commission. General McSherry outlined the past experience of the labor policy committees including the National Advisory Committee, the Office of Production Management, Labor Division of the War Production Board, and War Manpower Commission—

Practically every agency of the Federal Government that has anything to do with manpower, training, labor supply, or the military service, is partially or wholly under the direction and policy of the War Manpower Commission. This includes the United States Employment Service, the Civil Service Commission, the Selective Service Commission, Railroad Retirement, Works Progress Administration, the training agencies, as well as representatives from the War and Navy Departments, Department of Labor, and War Production Board. There has also been established a Labor Management Policy Committee to advise the Chairman of the War Manpower Commission. Under Mr. McNutt as Chairman of the Commission and Mr. Fowler Harper as Deputy Chairman, Mr. Arthur J. Altmeier is Executive Director of the program with respect to the direction of the technical staff, including administrative services, planning, statistical analysis, and coordination services. The *Director of Operations*, General McSherry, has direct supervision of the operating agency following under the War Manpower Commission.

General McSherry then outlined the organization of the Regional Committees of the War Manpower Commission and explained the relationship of the Liaison Officers to these committees. He requested that a representative be designated from the Manpower Branch to maintain liaison with the War Manpower Commission on the national level, and offered to provide space and facilities for the Liaison Officers in the Regional War Manpower Commission Boards. General McSherry stated that the War Manpower Commission had no authority to put the Liaison Officers under the regional staff but that he hoped and expected that they would work in close cooperation with the regional staffs. The Regional Directors of the War Manpower Commission will be Regional Directors of the Federal Security Agency, thus reporting directly to Mr. McNutt and having direct control over the field agencies of the Federal Security Agency.

There will be no State organizations since activities will be coordinated at the regional level. There may be subregional offices, but generally the outline of the present labor supply committee arrangements will be followed.

Mr. Maloney then introduced *Mr. Goldthwaite Dorr*, Assistant to the Under Secretary of War and member of the War Manpower Commission. Mr. Dorr impressed upon the Liaison Officers their responsibilities as representatives of the War Department and offered his services in clearing particular matters which could not be settled except by direct action between the War Manpower Commission or War Department. He urged that officers attempt to settle local problems through the regional offices of the War Manpower Commission and its constituent agencies. Mr. Dorr stated that now that organizational details had been overcome, the War Manpower Commission would work rapidly on all fronts of the labor supply problem. He discussed the question of priorities among war production plants and the allocation of manpower to such plants. It was indicated that the final decision within broad policies would be made on the regional or local level by Regional Officers of the War Manpower Commission or a subcommittee thereof. It is important that there be a flexible system to meet conditions which vary both by area and from time to time.

The final speaker on the conference program was *Mrs. Clara Beyer* of the Labor Standards Section, Department of Labor. Mrs. Beyer spoke on the War and adjustment of labor standards—

Originally there was a panicky approach to the labor supply problem and consequent relaxations of laws which were not always necessary. The Department of Labor agrees that there should be relaxation and adjustment but no break-down of labor standards. Some employers have been too prone to look for relaxation before exhausting other efforts to secure the necessary production. The United States Department of Labor is cooperating with State Department and a recent survey by the Department shows that the

States have been ready and willing to relax labor laws where sufficient justification was shown. On the other hand, long hours do not produce the desired rate of production unless definite maxima are maintained. Forty-eight hours appear to be the desirable limit. Seventy-eight percent of the New York manufacturers reported that they secured maximum production from women working 48 hours and from men working 54 hours. Both Canada and England have ceased 60-, 70-, and 80-hour weeks and have returned to 48 to 55-hour weeks.

The concluding session of the conference was devoted to a summary and restatement by Mr. Maloney of the objectives of the branch and the responsibilities of the Liaison Officers. Mr. Mitchell presented illustrated material on the labor supply problem and responsibilities of the Civilian Personnel Division and adjourned the meeting.

(D) USE OF LABOR SUPPLY DIRECTIVE

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
MANPOWER BRANCH,
Washington, D. C., July 24, 1942.

MEMORANDUM FOR ALL FIELD LIAISON OFFICERS.

SUBJECT: Temporary Use of Labor Supply Directive, August 28, 1941.

1. Pending developments in the reorganization of labor supply agencies, the OUSW Memorandum to All Liaison Officers, dated August 28, 1941, remains in effect.

2. The organizational set-up of the War Manpower Commission on the regional level as presented by Brigadier General Frank McSherry to the Field Liaison Officers in Washington on June 24, has not been completed. At such time as the Regional or Area Manpower Directors are selected and appointed, a Directive will be issued outlining in detail the relationship of the Regional Liaison Officer to the War Manpower Commission organization.

3. Pending the formal institution of the new War Manpower Commission organization, Field Liaison Officers will continue to attend meetings of the Regional and Area Labor Supply Committees where such committees are still in existence. A summary statement of the proceedings of the meetings, or a copy of the minutes, or both, should be submitted to Headquarters.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(E) GENERAL INSTRUCTIONS ON STAFF RELATIONSHIPS

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
MANPOWER BRANCH,
Washington, D. C., July 24, 1942.

MEMORANDUM FOR ALL FIELD LIAISON OFFICERS.

SUBJECT: General Instructions on Staff Relationship of Liaison Officers.

1. WHAT TYPES OF CASES YOU SHOULD HANDLE

a. In general, you are not responsible for solving the manpower problems of a particular employer or particular individual. It is neither necessary nor desirable to write a memorandum to Washington stating that some small employer needs six toolmakers and another employer is having great difficulty in securing seven machinists, or that James Jones of the X Company was inducted despite filing a Form 42a. You should refer such cases to the Regional Director of Manpower or to the constituent and related agencies of the War Manpower Commission for appropriate action. You can be of help to individual employers by telling them the proper agencies to contact. You will greatly fortify the operating agencies of the War Manpower Commission if you make them, rather than yourself, assume the responsibility for solving the routine, day-by-day problems.

b. In some cases, of course, the problem of a particular employer may warrant your personal attention and advice—if the problem is typical of problems of other employers and, therefore, is a “pilot case”, if the company is a large and dominant employer in a particular community or area, or if the company is of critical importance to the war production program. It is obvious that you should have personal acquaintance with the executives of leading firms in your area, and, of course, you should make reports to Washington on significant and important developments in such companies.

c. The Manpower Branch is concerned with all policies, procedures and action involving the maintenance of a balance between military manpower and essential industrial manpower. You are expected to keep this office informed of anything which tends to upset the balance, either by depriving the armed forces of the services of men not essential for war production or by taking essential men away from war production. You should not be concerned with the administration of Selective Service beyond this extent and are not expected to follow individual cases unless they are of extreme importance to war production or are pilot cases involving a significant matter of policy. You are not part of the Selective Service System and must not interfere in its operations. You should have a thorough knowledge of all activities involving military manpower problems in relation to labor supply and should maintain close relations with all organizations concerned in this field.

d. Always bear in mind that you will be held responsible for giving Headquarters an over-all picture of important developments. If you are so busy with details that you haven't time to see over-all trends and problems, you cannot be effective in your job as policy adviser.

2. WHEN TO CALL ON HEADQUARTERS IN WASHINGTON

a. When you need assistance in developing a policy or program, feel free to call on headquarters at any time. Perhaps you may want to suggest a program for the mobilization and employment of women for war industries—a plan to induce nondefense workers to enter war employment—a drive to employ aged workers—a program to prevent the pirating of labor. These are the types of matters for which you can secure suggestions and instructions from Headquarters. You will find that the Headquarters staff will be glad to give prompt consideration to your requests for assistance. If advisable, Headquarters will arrange to send a specialist to your area to assist you in drawing up programs and to acquaint you with important aspects of national policies. Don't, however, ask us for help on a lot of detailed minor cases. We expect you to see that appropriate agencies handle these at the local level.

3. WITH WHOM YOU SHOULD HAVE CLOSE WORKING RELATIONSHIPS

a. You should be in continual contact with the Regional Director of Manpower in your area at such time as he is appointed. A formal or written arrangement for clearance of problems is not sufficient. The Manpower Director will clear broad problems and programs with you only if he learns to depend on you and respect your counsel and advice on important matters. This requires continued and constant contact.

b. You should also have personal contacts with the State Directors of the USES, the Directors and key personnel of the State Selective Service Systems, the Board of Control for Vocational Education, the Regional offices of Training-Within-Industry, and such other constituent agencies of the War Manpower Commission which you think necessary. You should make it clear to the representatives of these agencies, however, that you deal directly with the Regional Director of Manpower, but that your relationship with the Regional Director does not preclude cooperative and friendly arrangements with his subordinate agencies.

c. It goes without saying that you must be consulted and informed on every important development in the field of manpower in your region or area. You must be part of an inner circle of advisers to those charged with the responsibility of administering the manpower program. You should not, however, attempt to assume the functions of the operating agencies of the Manpower Commission. You should always bear in mind that your responsibility is to stimulate thought, to lend backing to action, and to be available for consultation and advice at any time. As the representative of the War Department, you are responsible for seeing that action is taken, but you are not responsible for taking direct action unless other methods are inadequate or fail.

4. WHAT ARE YOUR RELATIONS WITH THE SUPPLY SERVICES, AIR FORCES AND ARMY CONTRACTORS

a. Your sole mission is to represent the interests of the War Department in all action to assure an adequate supply of qualified labor for war production without interfering with the orderly fulfillment of military manpower requirements. You are the channel for carrying the labor supply problems of the Army and Army contractors to the proper agencies for remedial action. You are the agent to represent Army interests with the other agencies and the interest of these agencies with the Army and Army contractors.

b. It is fundamental that you have a well established basis of mutual understanding with the key officials of the Supply Service Air Force, and Army contractors, subcontractors and supplies for whom and with whom you should be working. It is not enough to shake hands and say hello. It is incumbent upon you to get to know these officers well, to know the conditions under which they work, the objectives they must attain and the difficulties they face. It is equally important to see that they know what you are there for, what you can do and how you can do it.

c. A satisfactory working relationship must be built upon understanding and confidence. Understanding can be built by educating the key officers. Confidence can be developed by convincing them that you have a necessary function and the means for carrying out that function and then by delivering the goods. There is widespread lack of understanding regarding the system of labor supply and training agencies and the Selective Service System, and the relation of the Liaison Officers in the picture. Until this is cleared up you cannot expect the responsible officers to come to you with their problems and work with you as they should. You must make it plain that you are not there to supplant or compete with their facilities, but are there to help them and represent their interests; not to do their work but to see that they receive the service they may properly expect from the respective agencies. You are not working unsupported. You are backed by definite authority as specified in the directive of August 28, 1941, and the corollary directives of the various Services, but the adequacy of your job of salesmanship will determine whether you are used by your customers as you should be. No one else can do that job but you.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(F) INSTRUCTIONS FOR BI-WEEKLY REPORTS

MEMORANDUM FOR ALL LIAISON OFFICERS, S. O. S.

SUBJECT: Bi-Weekly Reports of Liaison Officers to Manpower Branch.

1. The following instructions will cover the submission of reports from the Liaison Officers.

- a. Reports will be submitted on the 1st and 16th of each month beginning August 1, 1942.
- b. Three copies of the reports should be submitted to this office.
- c. Reports will be made on a regional basis and submitted through the Regional Liaison Officers who will receive and combine reports from the Liaison Officers within their region. Where any Liaison Officer feels that immediate consideration is needed for any item of a particular report, a copy may be sent directly to the Manpower Branch with a covering letter.
- d. The content and the form of this report may change with the development of the program of the Manpower Branch. In its present form, the report will be a general appraisal and analysis of the over-all developments in the areas; and specific analyses of significant instances of particular plants, projects, or labor shortages. The first report should be as complete and detailed as practicable on all of the listed topics which are pertinent to the area. Later reports will be based on the material submitted in the first report plus new developments.

2. For orderly handling in the Headquarters office, Liaison Officers are requested to follow the attached form, entering numbers and subdivisions whether or not reports are to be made on each of the designated topics.

LEONARD J. MALONEY,
Chief, Manpower Branch,
Civilian Personnel Division.

WAR DEPARTMENT
HEADQUARTERS, SERVICES OF SUPPLY
Washington, D. C.

Period Covered ----- to -----
Bi-Weekly Report, -----, Liaison Officer, Region -----

1. Recruitment and Employment of Workers:

- a. Areas of labor shortage or surplus. (Outline briefly the situation, mentioning principal industries and communities and the apparent extent of the shortage or surplus.)
- b. Labor shortage factors:
 - (1) Piracy. (Discuss extent of piracy and measures already taken and those proposed for local or headquarters action.)
 - (2) Minority Problems. (Discuss lack of compliance with national policy on use of negroes, aliens, prison labor, aged workers, handicapped persons and all minority groups.)
 - (3) Employment of Women. (Discuss employers plans and labor's attitude, any significant instances of use or lack of use of women in industry and recommendations concerning methods for increasing the use of women.)
 - (4) Migration of Workers. (Discuss in-migration or out-migration of workers and effect on local labor market with action taken or recommended.)
 - (5) Agency Cooperation. (For the shortage areas, discuss completion of coordination of employment recruiting program with United States Employment Service and other agencies. Discuss extent and effectiveness of recruitment programs by the United States Employment Service.)

2. Training Programs and Industrial Workers:

- a. Pre-employment and supplemental training. (Discuss effectiveness of training programs; extent of utilization of training stations; extent of acceptance by employers of trainees; and recommended action.)
- b. Training Within Industry. (Discuss effectiveness of TWI Program in fully utilizing present employed workers.)

3. Housing. (For shortage areas discuss housing problems where directly related to adequacy of labor supply, mentioning utilization of public transit systems, pools, and sponsorship of transportation programs.)

Indicate definitely the relationship between lack of adequate transportation facilities and labor shortages.

4. Transportation (Discuss transportation where it directly affects labor supply in shortage areas. Outline plans and programs on construction of houses and dormitories for war workers. Indicate facilities which may be available through supply services, such as new barracks.)

5. Location of War Contracts (Outline briefly the situation in any communities in which it appears desirable for war contracts to be placed because of available labor or from which war contracts should be shifted because of critical shortages of labor.)

6. Civilian Production (Discuss labor shortage areas in which certain types of civilian industries and occupations might be curtailed in order to provide additional manpower for the vital war industries.)

7. Military Requirements in Relation to Labor Supply:

- a. Report policies, procedures and actions which tend to upset the maintenance of a practical balance between the fulfillment of manpower requirements for the armed forces and for war production.
- b. Report significant instances in which the present procedure for protecting necessary men in industry has not prevented the withdrawal from war production of necessary employees by induction through:
 - (1) Enlistment
 - (2) Commissioning
 - (3) Selective Service

- c. Report all instances in which it is believed that the procedure of releasing soldiers classified as key employees in industry to the enlisted reserve is being improperly used by employees or is otherwise unsatisfactory.

(G) PROCEDURES COVERING USE OF DECLARATION OF CITIZENSHIP FORM

JULY 25, 1942.

SUBJECT: Use of "Declaration of Citizenship" Form.

To: All Liaison Officers.

1. Enclosed for information and use by the Liaison Officers are procedures covering the "Declaration of Citizenship" form:

- a. Copy of letter of June 11, 1942, to Chiefs of Supply Services, from Mr. Mitchell, regarding distribution of forms from the Manpower Branch to the Chiefs of the Supply Services and through them to the field personnel, contractors and subcontractors.
- b. Copy of letter of July 9, 1942, from Colonel Dalton to the Chiefs of the Supply Services regarding erroneous newspaper publicity and setting forth the correct method of distribution of the forms.
- c. The memorandum of June 4, 1942, addressed to all present and prospective Army and Navy contractors and subcontractors on "Requirements for Proof by Employees of their American Citizenship" with attached copies of Statutes Restricting Employment of Aliens; and the "Declaration of Citizenship" Form.

2. The Liaison Officers have no immediate responsibility in connection with this procedure, except to interpret and assist in its fulfillment by the procurement offices and contractors. In interpreting the procedure the following facts should be noted:

- a. Forms are distributed only through district procurement offices direct to contractors and subcontractors on their lists and having war contracts. They will not be distributed or filled out by the United States Employment Service, War Manpower Commission or other agencies. District procurement offices will not duplicate the form but will request it from the Chief of the appropriate Supply Services, who will secure forms through Headquarters, Manpower Branch.
- b. Forms may be used only at the place of employment and only at the time application for work is made.
- c. Forms must be signed in the presence of an Army or Navy District Procurement, Factory or Plant Protection representative and cannot be signed in groups in advance of actual application for work.
- d. Forms are recommended only. Their acceptance is not required by the employer, and does not relieve the employer from the duty of making further investigation whenever there is reason to doubt the truth of the declaration.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., July 9, 1942.

MEMORANDUM FOR: THE CHIEF OF ORDNANCE,
THE QUARTERMASTER GENERAL,
THE CHIEF SIGNAL OFFICER,
THE CHIEF OF ENGINEERS,
THE CHIEF OF CHEMICAL WARFARE SERVICE,
THE SURGEON GENERAL.

SUBJECT: Distribution of "DECLARATION OF CITIZENSHIP" Form.

1. Reference is made to memorandum dated June 11, 1942, (SPGC-M 014.33), regarding distribution of a "Declaration of Citizenship" form which has been recommended for use by industry in facilitating employment of those of American

birth who are unable to produce birth certificates in situations where the submission of a birth certificate is a condition of employment.

2. Reference is made also to the unfortunate newspaper publicity which appeared on Monday, July 6, 1942, which gives the erroneous impression that this form had been evolved by the War Manpower Commission, and would be made available to the public through the offices of the United States Employment Service.

3. For purposes of clarity, you are directed to inform your field force that only one method of distribution will be followed; namely, forms will be made available to you for distribution through your procurement offices only to Army contractors and subcontractors on their lists. The applicant can receive the form only when applying for work at the place he is to be employed, and such form is to be filled out at the place of employment.

By Command of Lieutenant General SOMERVELL:

JOE N. DALTON,
Colonel, General Staff Corps,
Chief of Administrative Branch.

WAR DEPARTMENT,
Washington, June 4, 1942.

MEMORANDUM FOR ALL PRESENT AND PROSPECTIVE ARMY AND NAVY CONTRACTORS AND SUBCONTRACTORS.

SUBJECT: Requirements for Proof of Employees of Their American Citizenship.

In a memorandum dated July 16, 1941 addressed to all Army and Navy contractors and subcontractors, subject: "Requirements for Proof by Employees of their American Birth", reference was made to the provisions of certain statutes restricting the employment of aliens in connection with the performance of specified contracts (sec. 10, act of July 2, 1926, 44 Stat. 734; 10 U. S. C. 310; sec. 11, act of June 28, 1940, 54 Stat. 676; 50 U. S. C., App. 1), and a procedure was recommended for facilitating such employment of persons who are unable to produce birth certificates. That memorandum was concerned primarily with establishing proof of birth in the United States in cases of prospective employees who are unable, for one reason or another, to produce birth certificates. It has been the experience of recent months that the securing of the delayed certificate of birth mentioned in that memorandum has, in some instances, been attended by considerable delay during which the services of the individual were not available in connection with the contracts in question. For this reason, it is deemed advisable to recommend a revised procedure designed to fulfill the indicated requirements of the statutes in question.

Accordingly, the previous memorandum is suspended and in lieu of the procedure set forth therein it is recommended that contractors and subcontractors require applicants for employment in the performance of any secret, confidential or restricted contract, or any contract for furnishing aircraft, aircraft parts, or aeronautical accessories, to sign a statement in the presence of an Army or Navy District Procurement, Factory or Plant Protection representative, to the effect that he is a citizen of the United States and that he has read and understands the pertinent provision of the act of June 28, 1940 (Public Law 671, 76th Cong.), as indicated by the inclosed form entitled "Declaration of Citizenship".

The foregoing recommended procedure does not relieve the employer from the duty of making further investigation when there is any reason to doubt the truth of applicant's declaration that he is a citizen.

Quotations from the pertinent statutes and a suggested form of declaration of citizenship are attached hereto.

Incls.

ROBERT P. PATTERSON,
Under Secretary of War.

FORRESTAL,
Under Secretary of the Navy.

STATUTES RESTRICTING EMPLOYMENT OF ALIENS IN CONNECTION WITH
PERFORMANCE OF CERTAIN CONTRACTS

"Sec. 10 (j) * * * no aliens employed by a contractor for furnishing or constructing aircraft, or aircraft parts, or aeronautical accessories for the United States shall be permitted to have access to the plans or specifications or the work

under construction or to participate in the contract trials without the written consent beforehand of the secretary of the department concerned." (Act of July 2, 1926, 44 Stat. 787; 10 U. S. C. 310 (j).)

"SEC. 10 (p) * * * and any person, firm, or corporation that shall, upon indictment and trial, be found guilty of violating any of the provisions of this section shall be sentenced to pay a fine of not exceeding \$20,000, or to be imprisoned not exceeding five years, or both, at the discretion of the court." (Act of July 2, 1926, 44 Stat. 788; 10 U. S. C. 310 (p).)

"SEC. 11 (a) No aliens employed by a contractor in the performance of secret, confidential, or restricted Government contracts shall be permitted to have access to the plans or specifications, or the work under such contracts, or to participate in the contract trials, unless the written consent of the head of the Government department concerned has first been obtained, and any person who willfully violates or through negligence permits the violation of the provisions of this subsection shall be fined not more than \$10,000 or imprisoned not more than five years, or both." (Act of June 28, 1940, 54 Stat. 676; 50 U. S. C., App. 1.)

"SEC. 11 (b) Any alien who obtains employment on secret, confidential, or restricted Government contracts by willful misrepresentation of his alien status, or who makes such willful misrepresentation while seeking such employment, shall be fined not more than \$10,000 or imprisoned not more than five years, or both." (Act of June 28, 1940, 54 Stat. 676; 50 U. S. C., App. 1.)

DECLARATION OF CITIZENSHIP

I, _____ declare that I am a citizen of the United States, by reason of _____

I am applying for employment on classified Government war contracts on work which may be secret, confidential, or restricted in character. I am declaring my citizenship for the purpose of securing such employment. I have read the law herein quoted and am aware of the penalties imposed for misrepresentation.

(Public Law 671, 76th Congress, 3rd Session, Chapter 440, Section 11b)
 "Any alien who obtains employment on secret, confidential, or restricted Government contracts by willful misrepresentation of his alien status, or who makes such willful misrepresentation while seeking such employment, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

I was born in _____ date _____
 Witness ²

 (Name)

 Signed

 (Title and Address)

 (Name)

 (Title and Address)

(H) PROCEDURE COVERING MANPOWER COMMISSION ON LABOR PIRACY

WAR DEPARTMENT,
 HEADQUARTERS, SERVICES OF SUPPLY,
 Washington, D. C., August 26, 1942.

SUBJECT: Manpower Commission Policy on Labor Piracy.
 To: All Liaison Officers.

1. Attached is the policy statement of the War Manpower Commission, issued July 16, 1942, on "Pirating of War Workers"; and the procedure for cooperative plans under this policy. These bulletins are to be considered in connection with the Labor Piracy Bulletin (LS-5) issued by the Manpower Branch on June 20, 1942.

¹ If natural born, indicate whether by birth in the United States or by birth in a foreign country of American parentage.

If by naturalization, indicate whether by naturalization by court proceedings, by naturalization of parent or by marriage to a citizen of the United States, including dates and names of places, persons and title of court involved.

² One of the two witnesses must be an Army or Navy District Procurement, Factory or Plant Protection representative.

2. It should be noted that the War Manpower Commission's procedure is not to be applied on a Nation-wide basis, but to specific areas according to need. No specific procedures are issued by the Commission, but it is provided: (a) that the appropriate regional representative of the War Manpower Commission shall confer with representatives of labor, employers and governmental agencies concerned for the purpose of securing a cooperative agreement to avoid piracy or other disruptive employment practices; or (b) if a cooperative plan is not satisfactorily completed, the Chairman of the War Manpower Commission may give notice that the area constitutes a critical labor area and make provision for restrictions on employers' hiring practices in that area.

3. Liaison Officers continue to have the responsibilities outlined in the Manpower Branch bulletin on labor piracy, and the additional responsibility of cooperating with the War Manpower Commission representatives in accordance with the above policy and procedure. Although it is the responsibility of the War Manpower Commission to initiate all actions under its policy, the Liaison Office should be alert to pirating practices, particularly where they affect War Department production; should take initial action to prevent piracy; and should take necessary steps to bring any employment situations involving piracy to the attention of the Manpower Commission authorities.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

MANUAL OF OPERATIONS, WAR MANPOWER COMMISSION

Date: July 16, 1942

Title: III
Section: 2-1

DESIGNATION: Policy.

SUBJECT: Pirating of War Workers.

POLICY TO PREVENT PIRATING OF WAR WORKERS

In our rapidly expanding war industries, thousands of skilled workers are required. In certain occupations there are not enough skilled workers to meet the immediate and future requirements of war industries. This shortage of skilled workers has created needless labor turn-over and uncontrolled migration of skilled labor. Such turn-over and migration results in wasteful and ineffective utilization of skilled workers, which is likely to impede the war production program to an increasing extent in those areas in which war production is concentrated.

Having so found, after consultation with the members of the War Manpower Commission, and having further found, after such consultation, that the measures herein provided are necessary to promote the effective mobilization and maximum utilization of the Nation's manpower in the prosecution of the war, by virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139, establishing the War Manpower Commission, I hereby declare the following War Manpower Commission policy:

I. If the maximum utilization of the manpower in a designated area has been or is likely to be impeded because of (a) the concentration of essential war production in any such area, (b) the shortage of workers for designated occupations therein, (c) an excessive rate of turn-over among such workers, or (d) the migration of such workers to other areas, the appropriate regional representative of the War Manpower Commission shall confer with the representatives of management and labor in such area and with such regional or local representatives of the War Production Board, the United States Army, the United States Navy, the United States Maritime Commission, the United States Employment Service, the United States Civil Service Commission and such other agencies or departments as may be affected, with a view to securing the concurrence of all affected parties in a cooperative plan for the effective recruitment and utilization of workers in such area and for the effective elimination of practices which result in the withdrawal of workers from employers engaged in essential activities in such area. Upon the approval of such a cooperative plan by all affected parties, or upon the failure of such affected parties to concur in such a cooperative plan with reasonable promptness, the appropriate regional representative of the War Manpower Commission shall submit a full report thereof to the Chairman of the War Manpower Commission.

II. Upon approving a cooperative plan which effectuates the purpose set forth in this policy and which has been concurred in with respect to any designated area, or upon approving a report that such a plan is needed and has been sought, but has not been concurred in by all affected parties with reasonable promptness, the Chairman of the War Manpower Commission will give notice that such area constitutes a critical labor area, and that with respect to such area, specified occupations and activities constitute, respectively, critical occupations and essential war production activities.

III. After the publication of such a notice with respect to a given area it is essential that no employer:

(a) Solicit (for the purpose of hiring) or hire, within or without such critical labor area, for work to be performed wholly or principally within such area, or

(b) Solicit (for the purpose of hiring) or hire, within such critical labor area, for work to be performed wholly or principally without such area, any worker who on or after the effective date of this policy was employed at any place in an occupation, designated as a critical occupation and an activity designated as an essential war production activity, except (1) through a public employment office of the United States Employment Service, or (2) in accordance with standards, methods or conditions approved by the Chairman of the War Manpower Commission or his authorized representative, or (3) in accordance with the cooperative plan for such area which may include clause (1) or clause (2) hereof or both such clauses. As used in this policy, the phrase "solicit (for the purpose of hiring)" means any activity, including any written or oral communication or publication, designated or intended to induce any individual to accept employment in a given plant, factory, or other establishment.

IV. Any worker or employer, or group of workers or employers, dissatisfied with any act or failure to act pursuant to this policy shall be given a fair opportunity to present his or their case to an Industrial Area Management-Labor Committee. Such Committee shall make recommendations concerning such cases as well as other matters pertinent to the carrying out of this policy in its area, to the War Manpower Area director for appropriate action. The Chairman of the War Manpower Commission shall prescribe rules, regulations and procedures for the carrying out of the responsibilities of Area Committees under this policy, including procedures for the review of the recommendations of the Area Committees, by Regional Management-Labor Committees and by the National Management-Labor Policy Committee.

V. All lawful and appropriate steps will be taken to utilize the services, facilities and authorities of other departments and agencies of the Federal Government to the fullest extent to achieve or promote compliance with the provisions of this policy.

Approved:

PAUL V. McNUTT, *Chairman.*

Effective date: July 16, 1942.

Original filed in office of Executive Director.

AUGUST 1, 1942.

PROCEDURE FOR DEVELOPMENT, APPROVAL, AND OPERATION OF COOPERATIVE PLANS UNDER WAR MANPOWER POLICY TO PREVENT PIRATING OF WAR WORKERS

I. INITIATION OF ACTION AND SUBMISSION OF REPORT

No action shall be taken under the War Manpower Policy to Prevent Pirating of War Workers (hereinafter referred to as the "Policy") except upon the authorization and direction of the Regional Director of the War Manpower Commission. The Regional Director shall designate a particular area and shall authorize and direct the appropriate regional representative of the War Manpower Commission to initiate and attempt to secure agreement upon a cooperative plan in the designated area as provided in Paragraph I of the Policy. As early as practicable thereafter, the Regional Director shall submit a full report to the Director of Operations for submission to the Chairman of the War Manpower Commission.

II. CONTENT OF REPORT

The report of the Regional Director of the War Manpower Commission shall include the following:

1. The participants in the negotiations:

- (a) Government representatives: These must include in all cases, representatives of the War Manpower Commission and of the United States Employment Service. Representatives of the War Production Board, United States Army, United States Navy, United States Maritime Commission, and the United States Civil Service Commission, if affected by the plan or policy must also be included, as well as representatives of any other Federal agency or department so affected.
- (b) Management representatives: The report must clearly indicate, by description of the method of selection and otherwise, that the management representatives were truly representative of management affected by the plan or policy in the designated area.
- (c) Labor representatives: The report must clearly indicate, by description of the method of selection and otherwise, that the labor representatives were truly representative of labor affected by the plan or policy in the designated area.

2. The nature of the problem which the cooperative plan is designed to meet:

- (a) Necessity for plan: The report must indicate the reason why maximum utilization of manpower in the designated area has been or is likely to be impeded, whether because of the concentration of essential war production in any such area, the shortage of workers for the designated occupations therein, an excessive rate of turnover among such workers, or the migration of such workers to other areas, or any combination of these.
- (b) Critical labor area: The report must describe with precision the area proposed to be designated as the "critical labor area" for the purposes of the plan and the policy.
- (c) Essential war production activities: The report must indicate the war production activities, including the names of principal plants and their products, proposed to be designated as "essential war production activities" for the purposes of the plan and the policy, and should indicate the names of principal plants in the area not proposed to be so designated.
- (d) Critical occupations: The report must indicate the occupations proposed to be designated as "critical occupations" for the purposes of the plan and the policy, and insofar as possible the unions with which workers in such occupations are affiliated.
- (e) Hiring methods: The report must indicate the standards, methods or conditions of hiring and solicitation for the purpose of hiring, which are to be applicable under the plan.

3. Agreement or disagreement: The report must indicate whether all affected parties concur in the plan and, if not, the individuals, organizations or agencies which were in disagreement, or which did not with reasonable promptness indicate concurrence in the plan, including reasons for any disagreement or failure to concur.

4. A true copy of the cooperative plan, if any concurred in by representatives of all affected parties, shall accompany the report.

III. PROVISIONS REQUIRED IN ANY APPROVABLE COOPERATIVE PLAN

1. The plan must clearly specify the area in which it will be applicable.

2. The plan must provide that after the effective date of the plan no employer shall solicit (for the purpose of hiring) or hire, within or without the area for work to be performed wholly or principally within the area, or solicit (for the purpose of hiring) or hire, within the area for work to be performed outside the area, any worker who after the effective date of the plan was employed in a critical occupation in an essential war production activity, except through a public employment office or in accordance with methods approved by the Chairman of the War Manpower Commission or his authorized representative.

3. The plan must provide for the participation of the industrial area management-labor committee in accordance with such rules, regulations, and procedures as the Chairman of the War Manpower Commission shall prescribe.

4. The plan must embody the principles governing movement of workers between plants as outlined in section V below.

5. The plan must provide that it shall become effective on and after the date of publication of the notice given by the Chairman of the War Manpower Commission pursuant to paragraph II of the Policy.

6. Employers, labor organizations, and Government agencies concurring in the plan shall agree to adhere to its provisions.

IV. PROVISIONS PROHIBITED IN ANY APPROVABLE COOPERATIVE PLAN

1. No plan shall establish a procedure whereby certain individuals, pre-designated by name or other identification, will be denied employment.

2. The plan shall not contain any provision which would violate any Federal law, or any rule, regulation, order or requirement thereunder affecting labor relations, wages, hours, or conditions of employment. Nor shall the plan contain any provision which might conflict with a determination of the National War Labor Board or a stabilization agreement approved by the War Production Board.

3. No plan shall contain a provision which violates a bona fide collective agreement.

4. No plan shall be construed to prohibit the employment by any employer of a worker who after the effective date of the plan has been employed at wages or under working conditions substantially less favorable than those prevailing in the community for the kind of work on which he was employed, even though he may have been engaged at a critical occupation and in an essential war production activity.

V. PRINCIPLES GOVERNING APPROVED MOVEMENT OF WORKERS

1. A worker who is employed in an activity other than an essential war production activity may, without restriction, (except as provided in paragraph 3 below) be hired by an employer for work in an essential war production activity. If such worker applies to the United States Employment Service, he shall be referred in accordance with the procedures for preferential referrals. (War Manpower Commission Directive No. III);

2. Except as otherwise provided in paragraph 5 below, a worker who is employed in an essential war production activity shall not be hired by an employer for work in an activity other than an essential war production activity. If such a worker applies to the United States Employment Service, the employment office will attempt to persuade him to return to his previous employer or to accept another position in accordance with the procedures for preferential referrals, whichever appears more likely to serve the war effort;

3. All employments by departments and agencies of the Federal Government which are subject to the rules and regulations of the United States Civil Service Commission, shall be made only with the approval of the United States Civil Service Commission, which will conduct its recruiting activities and make referrals in accordance with the Principles Governing Approved Movement of Workers;

4. Except as otherwise provided in paragraph 5 below, a worker who after the effective date of the plan was employed in an essential war production activity shall be employed by another employer engaged in an essential war production activity only upon presentation of a written statement by the former employer to the effect that the worker is available for employment elsewhere in an essential war production activity. The statement shall preferably be given to the United States Employment Service (or the United States Civil Service Commission in cases involving employment in the Federal Civil Service) which shall attempt to place the worker according to the procedure governing preferential referrals; but if the plan so provides, the statement may be given directly to the worker who may present it to the prospective employer provided it is ascertained that the latter is engaged in an essential war production activity;

5. Notwithstanding the provisions of paragraphs 2 and 4 above, a worker who, after the effective date of the plan, has been engaged in an essential war production activity, may upon application to, and referral by the United States Employment Service, be employed by another employer whether or not for work in an essential

war production activity and with or without a statement of availability, if the circumstances are such as to indicate that the change of employment is in the best interests of the war effort as well as the individual concerned. The following circumstances are illustrative of what may be considered good ground for changes of employment:

- (a) When the worker is competent to perform higher skilled work than his current employer is able or willing to provide;
- (b) When the worker is employed for a substantial period at less than full time;
- (c) When the distance between the worker's residence and the place of employment is unreasonably great (considering the restrictions on the use of gasoline and tires and the load on transportation facilities) and the place of prospective employment is substantially closer or more accessible;
- (d) When the worker has compelling personal reasons for wishing to change.

VI. NOTICE OF CHAIRMAN OF WAR MANPOWER COMMISSION MAKING PLAN AND POLICY OPERATIVE

Upon submittal of the report and copy of the cooperative plan, if any concurred in by all affected parties, to the Chairman of the War Manpower Commission by the Director of Operations, the Chairman, if he approves the same, shall give and publish appropriate notice specifying the area which constitutes the critical labor area, the occupations which constitute critical occupations, and the activities which constitute essential war production activities. Upon publication of such notice, Paragraphs III, IV, and V of the policy, and the provisions of any approved cooperative plan shall become immediately operative.

VII. PROCEDURE IN THE EVENT OF CONTROVERSY AS TO OPERATION UNDER PLAN

1. Cases of non-adherence or of disputed interpretation may be raised by the employer threatened with the loss of a worker, by the employer proposing to hire a worker, by the worker, by any affected labor union or other labor organization or by an affected Government department or agency;

2. Cases of nonadherence or disputed interpretation shall be referred to the area War Manpower Commission representative (or if there be none, to the manager of the local employment office designated for that purpose), except in cases involving only Federal Government employment which shall be referred to the district manager of the United States Civil Service Commission designated for the purpose. The area War Manpower Commission representative or the district manager of the United States Civil Service Commission, as the case may be, shall make a decision thereon and shall attempt to secure agreement in the decision by all parties concerned;

3. If any party concerned is dissatisfied with the decision of the area representative, he may request review of the same by the Industrial Area Management-Labor Committee which shall, in accordance with rules, regulations, and procedures prescribed by the Chairman of the War Manpower Commission, make appropriate recommendations to the area War Manpower Commission representative and initiate such review of its recommendations as may be proper under applicable procedures.

FRANK J. McSHERRY,
(Brigadier General, U. S. A.),
Director of Operations,
War Manpower Commission.

(I) MINORITY GROUPS SERVICE

WAR DEPARTMENT,
CIVILIAN PERSONNEL DIVISION,
MANPOWER BRANCH,
Washington, D. C., July 25, 1942.

SUBJECT: Minority Groups Service in War Manpower Commission Areas.
To: All Liaison Officers.

1. Attached is a list of Minority Groups Representatives of the War Manpower Commission, with designations of the regions and areas served.

2. Representatives of the Minority Groups Services will work out of Regional War Manpower Commission offices through the various agencies represented on the War Manpower Commission. Dr. Robert C. Weaver, Chief, Minority Groups Services, War Manpower Commission, has instructed these representatives to contact the Liaison Officers on problems involving the use of Negroes in war work.

3. Liaison Officers are directed to contact these representatives at their earliest convenience and to consult with them on labor supply matters within the field of Minority Groups Service.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch

WAR MANPOWER COMMISSION, MINORITY GROUPS SERVICE

REGIONS	REPRESENTATIVES	CITY
<p>REGION 1</p> <p><i>Area Covered:</i> Maine, New Hampshire, Vermont, Connecticut, Rhode Island, Massachusetts.</p>	Mr. Neilson Abeel, Room 723, Chanin Building, 122 East 42nd Street, New York City, New York Tel. Murray Hill 3-6805 Ex. 32.	BOSTON.
<p>REGION 2</p> <p><i>Area Covered:</i> New York.</p>	Mr. Neilson Abeel.	NEW YORK.
<p>REGION 3</p> <p><i>Area Covered:</i> Pennsylvania, Delaware, New Jersey.</p>	Mr. E. Howard Molisani, U. S. Employment Service, Juniper & Chestnut Streets, Philadelphia, Pennsylvania.	PHILADELPHIA.
<p>REGION 4</p> <p><i>Area Covered:</i> Maryland, Virginia, West Virginia, North Carolina, District of Columbia.</p>		WASHINGTON, D. C.
<p>REGION 5</p> <p><i>Area Covered:</i> Michigan, Ohio, Kentucky.</p>	Mr. Thomas Howard Wright, Room 1428 Civic Opera Building, 20 North Wacker Drive, Chicago, Illinois.	CLEVELAND.
<p>REGION 6</p> <p><i>Area Covered:</i> Indiana, Illinois, Wisconsin.</p>	Miss Sara Southall (Consultant), 180 North Michigan Avenue, Chicago, Illinois.	CHICAGO.
<p>REGION 7</p> <p><i>Area Covered:</i> South Carolina, Georgia, Tennessee, Florida, Alabama, Mississippi.</p>	Lt. Col. Kendall Weisiger, Southern Bell Telephone Co., Atlanta, Georgia.	BIRMINGHAM.
<p>REGION 8</p> <p><i>Area Covered:</i> Minnesota, Iowa, North Dakota, South Dakota, Nebraska.</p>	Mr. Thomas Howard Wright.	MINNEAPOLIS.
<p>REGION 9</p> <p><i>Area Covered:</i> Missouri, Arkansas, Kansas, Oklahoma.</p>	Mr. Thomas Howard Wright.	KANSAS CITY.
<p>REGION 10</p> <p><i>Area Covered:</i> Louisiana, Texas, New Mexico.</p>	Mr. Glenn O. McGuire, Box 768, Albuquerque, New Mexico. Tel., Albuquerque 6695.	SAN ANTONIO.
<p>REGION 11</p> <p><i>Area Covered:</i> Arizona, Utah, Colorado, Wyoming.</p>	Mr. Barron B. Beshoar, 626 Patterson Building, Denver, Colorado.	DENVER.
<p>REGION 12</p> <p><i>Area Covered:</i> Washington, Oregon, Nevada, California, Alaska, Hawaii.</p>	Mr. Guy T. Nunn, Room 460, Roosevelt Building, 727 West 7th Street, Los Angeles, California.	SAN FRANCISCO.

(J) ARMY-NAVY LABOR POLICY

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., July 25, 1942.

SUBJECT: Statement of Army-Navy Department Labor Policy, Government-Owned, Privately Operated Plants.
To: All Liaison Officers.

1. Attached is a copy of the statement of labor policy governing Government-owned, privately operated plants, which was recently adopted by the War and Navy Departments and approved by the Congress of Industrial Organizations and the American Federation of Labor. Attached is a list of Government-owned, privately operated plants, showing the location, the name of the operator and the name of the commanding officer.¹

2. This policy statement was forwarded on July 17, by the Director of the Civilian Personnel Division to the Commanding General, Matériel Command, Army Air Forces; the Chief, Chemical Warfare Service, and the Chief of Ordnance, with instructions to transmit copies to the commanding officers at all Government-owned, privately operated establishments with copies for the contractor-operators at each plant. Each contractor-operator has been advised that no action may be taken or agreement entered into which is inconsistent with any of the provisions in the statement of policy. The Congress of Industrial Organizations and the American Federation of Labor have been requested to furnish copies of this statement to their affiliated unions with similar instructions.

3. The Liaison Officers have no immediate responsibility in this policy except in its interpretation and fulfillment by the Supply Services. The policy will be further implemented by specific directives if necessary.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

JUNE 22, 1942.

STATEMENT OF LABOR POLICY GOVERNING GOVERNMENT-OWNED, PRIVATELY OPERATED PLANTS

Congress has charged the War and Navy Department with the responsibility for the operation of nearly 100 giant Government-owned munitions plants, the backbone of the Nation's armament program. Under the terms of the Congressional Mandate, the War and Navy Departments had the option of themselves operating the plants or operating them through the agency of selected qualified commercial contractors. In order fully to utilize the labor and management resources of the Nation and to minimize encroachment upon the country's industrial structure, the two Departments chose the latter course. The industrial units thus created are unique.

All are owned outright by the United States, and all but a very few are located upon military reservations. All are engaged solely in war production—the manufacture and loading of explosives and ammunition, the assembly of bombers and the fabrication of guns and other munitions. In all of the plants the work performed is of a secret or confidential nature, and in many of them it is highly hazardous. All are operated by private contractors under "Management Service" contracts, any of which may at any time be terminated by the Government if it should decide either to operate the plant itself or to entrust its operation to another contractor. The normal factors which go to make up commercial profit are lacking. The Government has title to the product at all times. It pays the contractor a fixed fee for its services, which fee is unaffected by wages or other costs, production delays or stoppages. The Government reimburses the contractor for all costs, including wages, and in most instances must approve such costs, including wage scales, in advance. The Army or Navy officer in charge may direct the discharge of any employee if he deems it to be in the public interest. These plants embody a new and unique tripartite relationship among Government, labor, and management. They are sufficiently different from traditional Government establishments so that existing Government policies regulating labor relations are not entirely suitable.

¹ This list no longer available.

Recognizing these facts, and desiring to preserve the greatest freedom of organization and collective bargaining by the employees which is compatible with the necessary discharge by the War and Navy Departments of their responsibility for maximum production and the safe and efficient operation of these plants, the War Department and the Navy Department have established the following labor policies to which the American Federation of Labor and the Congress of Industrial Organizations have agreed after assisting in their preparation. It is recognized that these policies do not cover all aspects of labor relations in these plants, and experience may indicate the desirability of modifying, adding to, or otherwise amending this statement of policy.

1. No employee or person seeking employment shall be discriminated against by reason of race, color, creed, or sex.

2. The recognition of an exclusive bargaining agent for the employees in any appropriate bargaining unit within any plant will be deferred until a majority of the estimated total of that unit has been hired, unless special circumstances shall justify an earlier designation of such exclusive bargaining agent. The War and Navy Departments will undertake to estimate with reasonable promptness the total employee complement of the appropriate unit.

3. While no recognition shall be accorded any organization as the exclusive representative of any group of employees until the proper collective bargaining agency shall have been determined under the conditions described above, provision will be made for the handling of grievances and other disputes, and the elimination of friction between employees and management during the period pending such determination. These procedures should be approved by the representative of the Army or Navy in charge of operations at the plant.

4. Seniority shall be a determining factor in matters affecting lay-off and re-employment, transfers, demotions and promotions only if other factors of ability and aptitude are equal.

5. (a) Discharges directed by the War or the Navy Department for suspicion of subversive activities will be handled in accordance with the provisions of the "Joint Memorandum on Removal of Subversives from National Defense Projects of Importance to Army or Navy Procurement," dated January 10, 1942.

(b) Discharges directed by the Army or Navy Officer in charge in the interest of plant security will be handled in the following manner: (1) the Officer, or his representative will direct the contractor to suspend the employee in question immediately; (2) the employee will be advised in detail of the specific reasons for his suspension and of his right to a hearing; (3) if requested, a hearing will be held by the Officer, or his representative, within a reasonable period and at such hearing the suspended employee will have an opportunity to produce witnesses and present evidence and to be assisted by counsel; (4) based on such hearing, the Officer, or his representative, will direct the reinstatement (with authority to grant back pay) or the discharge of such employee; (5) an employee so discharged will have the right, upon request, to have his case reviewed by the War or Navy Department.

(c) Discharges effected by the contractor or his representatives for violation of plant rules, inefficiency, or other reasons will be subject to review through the established grievance procedure.

6. No agreement between the management and its employees, or their representatives, except those which affect the safety and health of employees, may be entered into, or action taken, which, in the opinion of either the Secretary of War or the Secretary of the Navy, will have the effect of restricting or hampering maximum output.

7. (a) Anti-sabotage, anti-espionage and plant protective measures, including access into the plant, approved or prescribed by the War and Navy Department, or their representatives, shall be binding upon management, employees, and their representatives.

(b) Measures designed to guard against sabotage, espionage, subversive activities and other plant protective measures which are ordered or approved by the Army or Navy representatives shall insofar as practicable be prominently posted throughout the plant and otherwise made available to employees. Violations of any of these rules or regulations shall be grounds for disciplinary action, including immediate dismissal.

8. (a) The War and Navy Departments in most instances, have contractual responsibility for the approval of all costs including pay roll costs. These Departments therefore will from time to time jointly agree upon the policies to govern the exercise of these contractual responsibilities to approve or disapprove proposed wage scales at these plants.

(b) Before operations commence at any plant, the contractor will prepare a wage scale to apply upon the commencement of operations and submit the same for approval to the War or Navy Department through the local Army or Navy representative at the plant, who will forward these with their own comments regarding the appropriateness of the proposed scale. Any subsequent adjustments in the initial wage scale at any plant shall be worked out by the contractor and the employees through established procedures, provided only that the approval of the War or Navy Department must be obtained before such adjustments may become effective.

9. This statement of policy shall be applicable to all such plants except that where any provision of the statement conflicts with a provision in an existing contract, such contract will be not altered except by mutual consent.

(K) PROCEDURE FOR HANDLING REPORTS OF DISCRIMINATION

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., August 17, 1942.

SUBJECT: Suggested Procedure for Handling Reports of Discrimination Contrary to Executive Order No. 8802.

To: All Liaison Officers.

1. Attached is a copy of a letter from the Under Secretary of War to the Chairman of the President's Committee on Fair Employment Practice, now a part of the War Manpower Commission. This letter should be considered in connection with the policy statement and the list of Government-owned, privately operated plants covered by bulletin LS-7.

2. The procedure has been accepted by the committee and its field personnel has been advised.

3. Liaison Officers will assume appropriate responsibility in the fulfillment of this policy.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

HONORABLE MALCOLM S. MACLEAN,
Chairman, President's Committee on Fair Employment Practice,
Social Security Building, Washington, D. C.

DEAR DR. MACLEAN: I am attaching hereto for your information and assistance a list of Government-owned, privately operated plants under the supervision of the War Department. As I shall indicate more fully below, these plants are unique and deserve special treatment and consideration.

The plants, taken in the aggregate, constitute the backbone of the Nation's armament program. Under the terms of the Congressional Mandate by which their construction and operation was authorized, the War Department was given the option of operating the plants itself or of operating them through the agency of selected, qualified commercial contractors. The War Department chose the latter course and in doing so created industrial units of a novel and peculiar character. Among their most significant features are the following:

(1) Each plant, and the property on which it is situated, is wholly owned by the Government, and, with very few exceptions, has been designated as a military reservation.

(2) Each plant is, or when completed will be, wholly devoted to war production—the manufacture and loading of explosives and ammunition, the assembly of bombers, and the fabrication of guns and other munitions. Most, if not all, will cease to operate when the war is concluded.

(3) In all of the plants the work performed is of a secret or confidential nature, and in most of them it is highly hazardous.

(4) Most of the workers recruited for work in many of these plants will of necessity be completely without experience in performing work of the hazardous character required.

(5) All are operated by private contractors under "management service" contracts, which can legally be terminated at any time if the Government should decide either to operate the plant itself or to entrust its operation to another contractor.

(6) The entire cost of operating each plant is borne by the Government. Under the contract with practically every operator, the latter is entitled to reimbursement for all expenses of operation, but only where prior approval of such expenses has been obtained from the War Department. In addition, the operator receives a fixed fee for his services which fee is unaffected by wages or other costs.

(7) The Government has complete power to require the dismissal of any person employed in any of these plants if the continued employment of such individual is, for any reason, deemed to be not in the public interest. This power is specifically reserved by contract and can be exercised to remove persons who are subversive or unqualified.

(8) Each plant is operated subject to the supervision of a Commanding Officer.

The foregoing factors combine to form a unique relationship between the operating contractor and the War Department, and, as you will immediately appreciate, the handling of many problems, including that of discrimination, must necessarily be slightly different than in the case of wholly private plants. The primary responsibility for dealing with problems relating to the employment of labor is with the contractor, since he is hired for the express purpose of utilizing his skill and experience in running the plant and taking care of all questions of personnel. Because of the relationship which obtains, however, the War Department has a responsibility to see that each plant is operated in accordance with all laws and Executive Orders, and in such a manner as to provide for the safety and protection of the plant and its personnel, and to insure maximum production at a reasonable cost.

In the light of these facts, I suggest that, whenever your committee or one of its field representatives has reasonable grounds for believing that the management of any one of these plants is guilty of some form of discrimination by reason of the race, color, creed or national origin of any employee, the following procedure be followed:

(1) The case will first be taken up at the local level by the representative of your committee with the contractor-operator, notice of the nature of the complaint being given simultaneously to the Commanding Officer at the plant.

(2) Where your committee believes that a complaint of discrimination is sound and that no satisfactory measures have been taken to meet the complaint, and that any reasonable hope of settling the matter at the local level has been exhausted, then your committee will immediately advise Judge William Hastie, Special Consultant to the Secretary of War.

(3) Under no circumstances will your committee take formal or public action in any case until the War Department has had the opportunity to use its good offices to bring about compliance with the President's Executive Order on this subject.

In my opinion, such a procedure, more than any other, possesses the means of bringing about a greater measure of practical compliance with the spirit of the foregoing Executive Order. I should hasten to add, of course, that this Department intends, even apart from any charges or complaints which your committee may discover, to see that these quasi-Government establishments are operated in such a way as to preclude discrimination.

The list of facilities which is attached may be revised from time to time as new plants are constructed or as new Commanding Officers are appointed to any of the presently operating plants. In the event that the foregoing procedure is acceptable to your committee, I suggest that a copy of this list of plants, as well as a copy of this letter, be furnished to all of your field personnel. In turn, I would suggest that you furnish me with a list of your personnel, together with the region in which each is stationed.

Would you kindly advise me at the earliest possible moment whether the procedure outlined is acceptable to the committee?

Sincerely yours,

ROBERT P. PATERSON,
Under Secretary of War.

(L) ACCEPTANCE OF HONORABLE DISCHARGE CERTIFICATES IN LIEU OF BIRTH CERTIFICATES

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., July 25, 1942.

SUBJECT: Statute requiring "Defense Contractors to Accept Honorable Discharge Certificates in Lieu of Birth Certificates."

To: All Liaison Officers.

1. Attached is a copy of Public Law 620, 77th Congress, approved June 22, 1942. Copies of the Statute will be published in a War Department bulletin issued to all Chiefs of Supply Services.

2. Liaison Officers have no immediate responsibility in connection with this Statute except to assist in its interpretation and use by the Supply Services and "Defense Contractors" as defined in the Statute.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(PUBLIC LAW 620—77TH CONGRESS)

(Chapter 432—2nd Session)

(H. R. 6634)

AN ACT To facilitate the employment by defense contractors of certain former members of the land and naval forces, including the Coast Guard, of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no defense contractor shall deny employment, on account of failure to produce a birth certificate, to any person who submits, in lieu of a birth certificate, an honorable discharge certificate or certificate issued in lieu thereof from the Army, Navy, Marine Corps, or Coast Guard of the United States, unless such honorable discharge certificate shows on its face that such person may have been an alien at the time of its issuance.

SEC. 2. As used in this Act the term "defense contractor" means an employer engaged in—

(1) the production, maintenance, or storage of arms, armament, ammunition, implements of war, munitions, machinery, tools, clothing, food, fuel, or any articles or supplies, or parts or ingredients of any articles or supplies; or

(2) the construction, reconstruction, repair, or installation of a building, plant, structure, or facility;

under a contract with the United States or under any contract which the President, the Secretary of War, the Secretary of the Navy, or the United States Maritime Commission certifies to such employer to be necessary to the national defense.

Approved, June 22, 1942.

(M) POLICY AGAINST DISCRIMINATION IN EMPLOYMENT OF ALIENS

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., July 27, 1942.

SUBJECT: Policy Against Discrimination in the Employment of Aliens.

To: All Liaison Officers.

1. Attached hereto is a copy of a statement by the President, dated July 12, 1942, concerning the national policy with respect to the employment of aliens or former nationals of another country. This statement was issued by Colonel Joe N. Dalton, Assistant Chief of Staff for Personnel, to the Chiefs of the Supply Services, with the letter of July 18, 1942, copy of which is attached. The statement directs procurement offices to bring to the attention of the Regional Liaison Officers of the Manpower Branch evidence of noncompliance when it cannot be adjusted by the procurement offices.

2. Liaison Officers are now charged with increased responsibility for preventing obstruction to the proper employment of aliens. Upon receipt of notice of non-compliance with the policy's statement, the following action should be taken:

- a. Determine whether there is an actual case of noncompliance.
- b. If noncompliance is not found, notify the source from which the complaint was received.
- c. If noncompliance is found, take practical steps to secure compliance by:
 - (1) Conference with the appropriate officers of the Supply Services involved.
 - (2) Negotiation with the employer or contractor.
 - (3) Action through the local division, War Manpower Commission and its minority groups service representative.
- d. If satisfactory action cannot be obtained in the field, the matter should be referred to the Headquarters, Manpower Branch.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., July 18, 1942.

MEMORANDUM FOR: THE COMMANDING GENERAL, MATERIAL COMMAND, ARMY
AIR FORCES,
THE CHIEF OF CHEMICAL WARFARE SERVICE,
THE CHIEF OF ENGINEERS,
THE CHIEF OF ORDNANCE,
THE CHIEF SIGNAL OFFICER,
THE QUARTERMASTER GENERAL,
THE SURGEON GENERAL,
THE CHIEF OF THE TRANSPORTATION SERVICE,
THE COMMANDING GENERALS, ALL CORPS AREAS,
THE CHIEF OF ADMINISTRATIVE SERVICES.

SUBJECT: Employment of Aliens.

1. Attached hereto is a copy of a statement by the President dated July 12, 1942, concerning the national policy with respect to the employment of aliens or former nationals of another country.

2. Copies of the foregoing statement should be immediately distributed to all procurement offices by the Supply Services with instructions that such offices advise all contractors within their respective jurisdictions of the national policy. The foregoing policy is applicable to all contractors, whether operating with privately owned or Government-owned facilities.

3. Any evidence of noncompliance with this policy which cannot be resolved by the procurement officers should be brought to the attention of the Regional Liaison Officer of the Manpower Branch, Civilian Personnel Division, Services of Supply.

For the Commanding General:

JOE N. DALTON,
Colonel, General Staff Corps,
Chief of Administrative Branch.

Inclosure: Statement of the President on July 12, 1942, concerning employment of aliens.

THE PRESIDENT'S STATEMENT

The text of President Roosevelt's statement on July 12, 1942, concerning the employment of aliens or former nationals of another country was as follows:

In order to clarify the policy of the Government in regard to the employment of aliens and other persons of foreign birth, the President today issued the following statement:

1. Persons should not hereafter be refused employment, or persons at present employed discharged, solely on the basis of the fact that they are aliens or that they were formerly nationals of any particular foreign country. A general condemnation of any group or class of persons is unfair and dangerous to the war effort. The Federal Government is taking the necessary steps to guard against, and punish, any subversive acts by disloyal persons, citizens as well as aliens.

2. There are no legal restrictions on the employment of any person (A) in nonwar industries, and (B) even in war industries, if the particular labor is not on "classified" contracts, which include secret, confidential, restricted and aeronautical contracts.

CONTRACT LAWS ARE STRESSED

The laws of the United States do provide that in certain special instances involving Government contracts an employer must secure from the head of the Government Department concerned permission to employ aliens. Section 11 (A) of the act of June 28, 1940, (Public No. 671, 76th Congress, 3d Session) contains a provision that:

"No aliens employed by a contractor in the performance of secret, confidential, or restricted Government contracts shall be permitted to have access to the plans or specifications, or the work under such contracts, or to participate in the contract trials, unless the written consent of the head of the Government Department concerned has first been obtained."

The Air Corps Act of 1926 has a similar provision:

"No aliens employed by a contractor for furnishing or constructing aircraft parts or aeronautical accessories for the United States shall be permitted to have access to the plans or specifications or the work under construction or to participate in the contract trials without the written consent beforehand of the Secretary of the Department concerned."

There are no other Federal laws which restrict the employment of aliens by private employers in national war industries. There are no Federal laws restricting the employment of foreign-born citizens of any particular national origin.

3. Where, under the law, permission to employ aliens is required from the War and Navy Departments, the alien shall go to the nearest office of the United States Employment Service, which will furnish him with application form, and assist him in filling it out. The completed form will then be submitted by the alien to the employer who will fill out the reverse side of the form, and then immediately forward same to the Department concerned. Upon receipt of the application, the Department will act promptly thereon, in the normal case within forty-eight hours, and give its approval or disapproval, either of which shall be subject to change at any later time.

SPECIAL GROUPS PROVIDED FOR

4. In passing upon applications for permits, the Department will give special and expedited consideration to nationals of United Nations and friendly American Republics, and any other aliens, including enemy aliens, who come within the following categories:

A. Aliens who have served in the armed forces of the United States and have been honorably discharged.

B. Aliens who have, or who have had, members of their immediate family in the United States military service.

C. Aliens who have resided in the United States continuously since 1916 without having returned to the country of origin within the last ten years.

D. Aliens who have married persons who, at the time of marriage, were citizens of the United States and who have resided in the United States continuously since 1924 without having returned to the country of origin within the last ten years.

E. Aliens who have declared their intention to become citizens of the United States and who had filed petitions for naturalization before Dec. 7, 1941.

5. Any inquiries or complaints by aliens, pertaining to specific instances of discrimination, or intentional failure to carry out the above procedure, should be referred directly to the Committee on Fair Employment Practice, Washington, D. C. This committee will consider the complaints and take such action as may be warranted in the particular case.

6. Any information concerning disloyal activities in war industries or elsewhere, or indications of disloyalty on the part of persons employed in war industries, should be reported immediately to the nearest office of the Federal Bureau of Investigation. Employees have the same duty in this matter as have employers.

(N) PROCEDURE FOR CLEARING EMPLOYMENT OF ALIENS ON GOVERNMENT CONTRACTS

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., July 27, 1942.

SUBJECT: Procedure for Clearing Employment of Aliens on Restricted and Aeronautical Contracts.

To: All Liaison Officers.

1. This memorandum supersedes the memorandum of April 20, 1942 (SLS 7). The attached form "Alien Questionnaire" approved July 4, 1942, is a revision of the form of October 7, 1940, and either form may be used. Copies of the Statutes incorporated in the previous memorandum are also attached to this memorandum.

2. As stated in the President's statement of July 12, 1942, there are no legal restrictions on the employment of any person (a) in nonwar industries and (b) even in war industries if the particular labor is not on "classified" contracts which include secret, confidential, restricted, and aeronautical contracts. However, the laws of the United States (see Statutes attached) provide that in certain special instances involving Government contracts, an employer must secure from the head of the Government Department concerned permission to employ aliens.

3. The Liaison Officers have no immediate responsibility in the employment of aliens, except in cases of alleged discrimination, (see LS -) but the following procedure is stated for their information and use in the interpretation of Supply Services employment policies and in assisting the Supply Services and war contractors.

4. The following procedure will be observed in clearing employment of aliens on restricted and aeronautical contracts:

- a. Permission for the employment of aliens on restricted and aircraft contracts requires the submission of an application in quintuplicate on an approved form. Copies of the approved form may be obtained from a commissioned factory representative of the plant in which employment is desired, from the commanding officer of the procurement district, or from the nearest office of the U. S. Employment Service. Applications should be submitted on the revised confidential questionnaire form of July 4, 1942, a copy of which is attached or may be submitted on the old confidential questionnaire form of October 7, 1940. Application also may be submitted on mimeographed or typed forms as long as the contents and arrangements of the standard forms are followed.
- b. Application forms should be filled out by (a) the alien for items referring to his personal record and (b) the contractor for items referring to employment of the alien. Offices of the U. S. Employment Service will assist aliens in filling out items referring to his personal record. Such items are grouped on the face of the July 4, 1942 form.
- c. Each case is decided upon its individual merits in the light of all of the information available. It is, therefore, important that the maximum amount of data be provided for a proper evaluation of the case. In answering question 38 (item 22 on the October 7, 1940 form) full consideration should be given to the interference of production which would result from delay in obtaining a citizen to replace an alien, even though such a replacement could be made within a relatively short period of time. Lack of sufficient information on the part of the employer to allow him to vouch for his loyalty, as asked in question 50 (item 33 on the October 7, 1940, form) does not in itself bar the alien.
- d. When the Secretary of the Navy grants consent for the employment of an alien, it is the practice of the War Department to grant similar consent without further action on the part of either the alien or the employer. When the approval of the Secretary of the Navy is accepted by the Secretary of War, the alien's employer is automatically so notified in writing.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

ALIEN QUESTIONNAIRE

CONFIDENTIAL

Accomplished form to be submitted in *quintuplicate* by contractor seeking written consent of the Secretary of War for employment of an alien in relation to aeronautical or classified (secret, confidential or restricted) War Department contracts. Date _____

1. _____
Name of employer _____ City _____ State _____
2. _____ 3. _____ 4. _____ 5. _____
Alien's full name (any alias?) _____ Age _____ Birthplace _____ Citizen of what country? _____
6. _____ 7. _____ 8. _____
Married or single _____ Male or female _____ Citizenship status of husband or wife _____
9. _____ 10. _____
Number of children _____ Citizenship status of children _____
11. _____ 12. _____
First papers applied for (date) _____ First papers received (date) _____
13. _____ 14. _____
Second papers applied for (date) _____ Why was naturalization delayed? _____
15. Date of last entry into United States: _____
16. _____ 17. _____ 18. _____
Place of entry _____ Name of ship _____ Dates of prior entries (attach explanation) _____
19. Length of service with contractor: _____
20. Complete present address: _____
21. All previous addresses: _____
22. Former employers in and outside the United States (give dates of employment): _____
23. _____
Military or naval service (give dates and name of country) _____
24. _____ 25. _____
Membership in organizations, societies, clubs, or committees _____ Religion _____
26. _____
Dates and places of any arrest with statement of offenses and disposition _____
27. Names, relationship, and addresses of members of immediate family living in any foreign country: _____
- In the United States: _____
28. Social Security Number: _____ 29. United States Department of Justice
I have seen Social Security Alien Registration Number: _____
Card: _____ I have seen Alien Registration Receipt
Card: _____
30. Is alien willing to bear arms for the United States against all enemies? _____
- CONFIDENTIAL Signed _____
Alien's signature _____

TO BE EXECUTED BY THE CONTRACTOR

31. _____ 32. _____
Name of employer _____ Name of alien _____
33. Is contract a prime contract or a subcontract? _____
34. Indicate whether contract is an aeronautical, or classified (secret, confidential and restricted) contract: _____
35. Government procurement agency for which work is being done: _____
36. _____
Government's numerical designation of contract, such as (W-535-ac-13333) _____
37. _____
Job title and description of alien's proposed duties under contract _____
38. Can alien be shifted to other work and replaced by a citizen without interfering with production? _____ 39. If not, state special qualifications: _____
40. Will alien have access to plans, specifications or work under aeronautical or classified (secret, confidential and restricted) War Department contracts, or will he be likely to participate in such contract trials? _____

under them. They also have the responsibility of reporting to Headquarters any problems which cannot be solved locally.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

AUGUST 3, 1942.

MEMORANDUM FOR: THE COMMANDING GENERAL, MATÉRIEL COMMAND, ARMY
AIR FORCES,
THE CHIEF OF ADMINISTRATIVE SERVICES,
THE CHIEF OF ENGINEERS,
THE CHIEF OF ORDNANCE,
THE QUARTERMASTER GENERAL,
THE CHIEF SIGNAL OFFICER,
THE SURGEON GENERAL,
THE CHIEF OF CHEMICAL WARFARE SERVICE,
THE CHIEF OF TRANSPORTATION SERVICE.

SUBJECT: Compliance with Executive Order No. 8802 Relating to Non-discrimination.

1. Attached hereto is a joint letter from the War Department, the Navy Department, and the Maritime Commission to Mr. Malcolm S. MacLean, Chairman of the President's Committee on Fair Employment Practice, in response to identical letters received by the foregoing from him relative to compliance with the provisions of Executive Order No. 8802 which forbids discrimination by war contractors against any person by reason of race, color, creed or national origin.

2. In accordance with the policy prescribed in the foregoing letter, you will, as rapidly as possible, transmit to all contractors holding a contract of, or contracts aggregating, more than \$25,000, a letter in the following form:

Dear Mr. ———:

In view of the increasing need of securing the full and united use of the Nation's resources in manpower in our war effort, it is desired to call your attention again to the national policy expressed by the President in Executive Order No. 8802, dated June 25, 1941.

Pursuant to the terms of this Executive Order, there is embodied in your contract the provision:

The Contractor, in performing the work required by this contract, shall not discriminate against any worker because of race, creed, color, or national origin.

The War Department looks to you to carry out this provision as well as the other provisions of the contract, not only as a matter of contract obligation but also as a part of your contribution to the war effort.

Compliance with the contract calls for compliance with the Executive Order. The President has stated in that Order that it is "the policy of the United States that there shall be no discrimination in the employment of workers in defense industries or Government because of race, creed, color, or national origin", and I do hereby declare that it is the duty of employers and of labor organizations, in furtherance of said policy and of this Order, to provide for the full and equitable participation of all workers in defense industries, without discrimination because of race, creed, color, or national origin.

We deem your contract to thus require—

- (a) that your practice in recruitment, in-service training and up-grading of employees shall conform to this policy;
- (b) that any reference to race or religion, if such exists, should be deleted from your application for employment forms;
- (c) that your recruitments should not be confined to any source that results in discrimination against workers solely because of race, creed, color, or national origin; provided, of course, that the National Labor Relations Act and the laws regarding aliens must be complied with;
- (d) that you should not in any other way discriminate against loyal, qualified applicants or employees solely because of race, creed, color, or national origin.

This letter is not written because of any specific question having been raised as to your compliance with this provision of your contract, but to again call your attention to the matter and to the importance that is attached to it in securing the full application of our resources to the war effort.

Sincerely yours,

(signature).

For the Commanding General:

JAMES P. MITCHELL,
Director, Civilian Personnel Division.

1 Incl., Joint Letter.

HON. MALCOLM S. McLEAN,
*Chairman, President's Committee on Fair Employment Practices,
Social Security Building, Washington, D. C.*

MY DEAR MR. McLEAN: 1. This joint letter of the War Department, Navy Department and Maritime Commission, which has been submitted to the War Manpower Commission, is in reply to your identical letter to us of 26 May, 1942, regarding compliance with Executive Order No. 8802, Fair Employment Practices.

2. The responsibilities of the Army, Navy, and Maritime Commission for enforcing the nondiscrimination principles of Executive Order No. 8802 may properly be considered under three general categories:

- a. Government establishments, i. e., Navy Yards, Army Arsenals, etc.
- b. Government-owned, privately operated plants.
- c. Privately owned, privately operated plants having Government contracts.

3. In considering this subject it is desirable to discuss the matter in order that there may be a clear understanding and acceptance of our procedures by all interested parties.

4. *Government Establishments.*—In regard to those Government establishments which are under our jurisdiction, we have directed compliance with Executive Order No. 8802.

5. *Government-Owned, Privately Operated Plants.*—In regard to the Government-owned, privately operated plants, operating for our account, we will, through our Inspectors-In-Charge, or Commanding Officers, instruct the contractor-operators that their policies and procedure must conform to the principles of Executive Order No. 8802. In this category, although the Government agency concerned has a vital interest in the matter, it should not itself take over any of the details of personnel matters, but should hold the contractor-operator to his contractual obligations including maintenance of satisfactory labor-management relationships. The Government agencies will concern themselves with insuring that the policies followed in such plants shall be consistent with maximum production, good management, safety and security of the plant, and with the principles of fair employment practices set forth in Executive Order No. 8802.

6. *Privately Owned, Privately Operated Plants.*—The situation regarding plants in this category is somewhat different. The Government agencies do not have direction over the personnel or other management procedures of such contractors, even though they may be working on Government contracts. However, such Government contracts now contain a nondiscrimination clause calling for compliance with Executive Order No. 8802. We are, therefore, prepared to inform our contractors through the customary channels that the Government agency concerned regards it as necessary that the contractor carry out his contractual obligations regarding nondiscrimination and that the points enumerated in paragraph 8 hereof are deemed essential elements of the contractual obligation. You will appreciate the point we are making in the foregoing, namely, that such instructions shall not be interpreted as an intrusion upon the contractor's responsibilities in handling personnel, but rather as a definition of an obligation that already exists by virtue of the nondiscrimination clause in the contract. For the same reasons we cannot intrude upon labor unions, employment agencies and vocational training schools outside of our jurisdiction.

7. Recognizing that the methods of providing equal employment opportunities for all qualified persons regardless of race, creed, color or national origin will vary in different parts of the country and in different types of plants, the following principles will be used as a general guide in handling minority group questions:

- a. Efforts will be continued particularly in cooperation with the War Manpower Commission to provide equal opportunities for employment,

in-service training and advancement to all qualified citizens, regardless of race, creed, color or national origin, to expedite maximum production.

- b. Such equal opportunities for minority groups may be provided either parallel to or integrated with the opportunities afforded majority groups, and thus may be arranged and provided for to conform to existing State laws and community customs.
 - c. In the practical application of this policy every effort will be made to open available employment opportunities to minority groups in such numbers and in such classes of positions as will expedite maximum production and as governed by the available supply of qualified workers.
 - d. In the event of any misunderstanding we will be glad to clarify our positions as set forth in this document with any specific agency or business concerned.
8. The letters which we are prepared to issue in conformity with the foregoing will include the following:
- a. That Executive Order No. 8802 should be complied with, and specifically.
 - b. That recruitment, in-service training and up-grading of employees should conform thereto.
 - c. That any reference to race or religion should be deleted from employment forms if such exist.
 - d. That recruitment should not be confined to any source that results in discrimination against workers solely because of race, creed, color or national origin, provided, of course, that the National Labor Relations Act and the laws regarding aliens must be complied with.
 - e. That the contractor should not in any other way discriminate against loyal qualified applicants or employees solely because of race, creed, color or national origin.

9. Success in carrying out these policies must depend largely upon the cooperation of all parties concerned, including the War Manpower Commission, the Federal contracting agencies, your own Committee and minority groups, unions, State and local officials and the citizenry of particular localities. The molding of public opinion in any given working force and community is of great importance and should be the concern of all.

10. Notwithstanding the difficulty of this problem, we recognize the importance of securing compliance, not only with the work, but with the spirit of Executive Order No. 8802, and we will continue to cooperate with your Committee in all practicable ways in reaching a satisfactory solution.

Very sincerely yours,

[S] HENRY L. STIMSON,
Secretary of War,

[S] FRANK KNOX,
Secretary of the Navy,

[S] E. S. LAND,
Chairman, U. S. Maritime Commission.

(P) HOUSING POLICIES—TO CONSERVE CRITICAL MATERIALS

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., August 25, 1942.

SUBJECT: Housing—Conservation of Critical Materials.

To: All Liaison Officers.

1. Solution of labor supply problems in many critical areas is expected and in some cases is undertaken by the in-migration of workers and the provision of adequate housing for such workers. Employers and labor supply officers are often too ready to subscribe to this apparently simple but, in fact, expensive and wasteful method. Already, an acute shortage of raw and critical materials is causing a curtailment of war production (guns, shells and other equipment), the closing of plants, and the laying off of workers. The obvious answer to this situation is the conservation of vital war materials for production of the implements of war.

2. A source of vast waste of critical material is the thousands of tons of steel, copper and other strategic metals being used to provide housing and auxiliary community services for war workers. In fact, the more houses constructed will lessen the material available for combat against the enemy and, to illustrate, the housing of one worker requires one ton of steel, 8,000 board feet of lumber and 548 working days. This use of material and man hours cannot continue in the face of other less expensive and more adaptable methods of solution of labor shortage problems.

3. The material problem requires that all manpower questions be investigated and solved on an over-all basis, rather than by the easier method of mere immigration plus housing facilities. Needs for additional housing should be appraised only after the local available labor market has been fully utilized. In short, no support should be given to any new housing construction unless it is determined that no other means of meeting the labor supply problem can be used.

4. The current material shortage will curtail future housing and, in many cases, divert material from housing projects now under construction. It is imperative, therefore, that all efforts be made to obtain cooperation of all groups, including employers and labor, in a program to meet labor demands by full utilization of all available labor already housed within reasonable commuting distance of war production centers.

5. Liaison Officers will assume appropriate responsibility in all critical labor shortage areas where housing projects are now under way or in contemplation, to make sure that the appropriate governmental or private agencies involved have thoroughly considered the following matters:

- a. *The Employment of Women*—No housing project should be approved unless the employers in the community or area have made an accurate estimate of the number of jobs which cannot under any circumstances be performed by women.
- b. *The Employment of Available Negro and Minority Groups*—Under no circumstances should additional housing be approved unless the various war employers and labor groups in the community or area have agreed to make use of all available Negroes and minority groups such as aliens, Jewish workers and workers with minor physical handicaps; provided, however, that such groups of workers are already housed locally and living in the immediate vicinity.
- c. *Curtailment of Civilian Industries*—In many communities there is an available reserve of labor both men and women, now engaged in non-essential activities. Consideration should be given to the possibility of the transfer of large numbers of such workers engaged in nonessential occupations to more essential war work before any program for additional housing is approved. In many cases it may be possible to curtail or shut down completely nonessential industries using strategic materials. Efforts in this regard will be further aided by curtailment and concentration programs now being initiated here in Washington. This will be accomplished in large measures by limitation orders and concentration orders which will be issued from time to time by the War Production Board. In other words, before planning additional housing, the possibility of curtailment of all nonessential activities to the bare minimum is to be explored and considered.
- d. *More Intensive Utilization of Existing Housing*—The President of the United States has warned the American people that they must be ready to make sacrifices for the war program. In labor shortage areas this means that workers and residents of various communities will have to "double up" more on housing accommodations. The possibility of the utilization of extra rooms in private dwellings should be explored thoroughly before any new housing program is planned. In addition, a program for the remodeling of existing dwellings to provide additional space for housing more workers should be explored.
- e. *Other Methods*—Local conditions may suggest methods other than those listed above. If appropriate, these auxiliary avenues must be fully explored.

6. The immediate application of the policies herein set forth is requested.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(Q) TRANSPORTATION OF LABOR—CONSERVATION OF EQUIPMENT AND RUBBER

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., August 25, 1942.

SUBJECT: Transportation—Conservation of Equipment and Rubber.
To: All Field Liaison Officers.

1. Transportation is a paramount question in the solution of labor supply problems which, too often, is attempted by the formulation of programs based upon the recruitment of labor residing in adjacent areas of varying distance from a labor shortage area and the transportation of such workers to and from their homes. Such a method, in many cases, is short-sighted and, except in the cases of remote and isolated plants, is wasteful and detrimental to the war effort.

2. Conservation of such scarce critical materials as steel, copper, rubber and oil is necessary to prevent a curtailment of war production and the closing of war plants. The needless and unplanned use of transportation equipment, tires and gasoline for the transportation of war workers is a condition which cannot continue in face of the material shortage. Transportation questions encountered in the solution of labor supply must to the greatest extent possible be solved by the application of methods other than programs based on the expectation that the transportation equipment and tires will be available.

3. The available supply of public transportation facilities is inadequate to meet the estimated needs for war production. Within a few months all available equipment will be utilized to its fullest capacity. In addition, the supply of rubber for private automobiles for war workers will likewise be drastically curtailed so that recaps and tires will be sparsely rationed.

4. The maintenance of war production schedules requires the continuation of the present transportation facilities, both public and private. The majority of workers employed at war production plants ride to and from work in their own automobiles. Failure to continue this mode of transportation would swamp public transportation facilities. Consequently war workers' automobiles and tires must be conserved to the fullest extent.

5. This problem requires drastic action and in the solution of labor supply problems no support or approval should be given to plans contemplating the allocation or acquisition of additional public transportation equipment, or to plans whereby workers would be recruited and required to travel in their automobiles from distant places. Only in those cases where the isolation of the plant is obvious or peculiar local conditions exist, will equipment and tires be made available. It is imperative, therefore, that appropriate action be taken on your responsibility to obtain the cooperation of all groups in programs to meet the labor demand by full utilization of all available labor within walking or reasonable transporting distance of war production plants. The failure to invoke cooperative programs designed to offset the need for transportation equipment and tires will only accentuate the problem locally and nationally.

6. In all critical labor shortage areas where the allocation of additional public transportation equipment is in contemplation or where considerable use of private automobiles is made by war workers, the Field Liaison Officers should take all appropriate action to see that governmental and private agencies, as well as the contractors and workers, have thoroughly considered the following matters:

- a. *Determination of Peak Employment:* The number of war workers to be employed in a given area must be determined. Also, monthly schedules of manpower requirements till peak employment is reached should be obtained. This data will provide a sound basis for traffic and transportation surveys and estimates of needs for additional equipment.
- b. *The Employment of Women:* The utilization of women will, in most cases, partially eliminate the necessity of providing additional transportation facilities and will prevent the recruitment of male workers who live at considerable distances from the plant.
- c. *Employment of Available Negro and Minority Groups:* No recruitment of workers living in remote areas should be undertaken unless employers and labor groups in the community or area have agreed to make use of all available Negroes and minority groups who reside within walking or reasonable commuting distance of a war production plant.
- d. *Intensive Utilization of Housing Facilities Adjacent to Production Plant:* In labor shortage areas, persons who have housing accommodations in the immediate vicinity of a war production plant should be strongly urged to

make extra rooms in private dwellings or other housing facilities available for war workers. In addition, no housing project should be planned or approved unless it is located in the immediate vicinity of the plant. The recognition of these factors in housing war workers will be helpful in alleviating actual or potential transportation problems.

- e. *Intensive Utilization of Private Automobiles*: No program involving additional transportation equipment should be planned or approved unless the war workers, through the cooperation of employers and labor unions, institute and carry out a complete program for utilization of the full capacity of private automobiles used by war workers, and for the conservation of tires and gasoline. Such methods as "Share Your Car" and car pools are recommended. In addition, the cooperation of tire and gasoline rationing officials should be obtained so that these agencies may cooperate in obtaining full compliance with the conservation program.
- f. *Other Methods*: Local conditions may suggest methods other than those listed above. If appropriate and applicable, these auxiliary avenues must be fully explored.

7. It is realized that the application of the above methods may vary as to localities and as to war plants, but it is important that all possible methods to conserve transportation equipment, tires and gasoline, be invoked so that some alleviation of an already critical problem may be obtained. The fact is that rubber, automobiles, busses and gasoline are critical and scarce, and that no steps to meet labor supply problems should be taken which would in any manner accentuate the gravity of this problem without considering and initiating any other remedial methods.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(R) EMPLOYMENT OF WOMEN

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., August 26, 1942.

SUBJECT: Employment of Women as a Part of the Community Labor Supply Program.

To: All Liaison Officers.

1. Because of the impending drain on the Nation's manpower reserves for war production and military service, it is obvious that larger and larger numbers of women must be drawn into industrial employment. You have already received information concerning the types of occupations suitable for women and also a copy of a pamphlet ("Women in War Industries" by Helen Baker, Industrial Relations Section, Princeton University) which outlines the techniques of utilizing women in war production. This memorandum deals with the employment of women as an element in the planning of community, or industrial area, labor supply programs. In this connection, reference should be made to previous memoranda on housing, transportation, and minority groups which also emphasize the importance of utilization of local labor supply.

EMPLOYER ATTITUDES ON EMPLOYMENT OF WOMEN

Most employers today will admit that they can replace men with women on a substantial proportion of jobs, *if they find it necessary to do so*. In other words, theoretically or statistically, employers are willing to absorb large numbers of women in their working forces. In the meantime, however, employers may follow a contrary course. As long as it is possible to attract male workers from other areas, employers will prefer to use in-migrant labor rather than go to the trouble of providing facilities and training for women workers. The attitude of employers in utilizing minority groups in the community is very similar. They naturally prefer to import farm boys or even steal trained workers from other war employers before offering employment to the Negroes, Jews, aliens or other minority groups. There is pressing need for education of employers on this score.

The policy of the Government is that no additional housing or transportation facilities for a community will be approved unless it is determined beyond a doubt

that employers have already utilized available pools of labor in the area and have formulated definite plans for utilizing women to replace men in all occupations suitable for employment of women. If certain industrial areas become too congested because of excessive in-migration of workers not already housed in the area, the only alternative will be physical removal of certain types of war industry from the community. Such a plan for the relocation of war work out of the Detroit area has already been approved by Mr. Donald Nelson and the Plant Site Board of the W. P. B. Similar drastic measures will be taken in other cities if employers fail to utilize all available local supplies of labor.

Liaison Officers must inform every large war production employer in prospective labor shortage areas of these facts. These facts must also be presented to employers' associations, Chambers of Commerce, and labor union groups throughout your region.

WHEN SHOULD WOMEN BE DRAWN INTO WAR PRODUCTION?

War production employers should not be encouraged to utilize women on a large scale until all available male labor in the area has first been employed. In this connection it is important that the male Negroes, Jewish workers, aliens and other minority groups be fully employed before women who are not normally part of the labor market be recruited in large numbers. For example, a drive to recruit large numbers of women for war production when Negroes are still unemployed in the area will stir up bitter controversy on the race problem and lay the groundwork for future discontent and dissension in the community.

After local male labor is absorbed, a drive for the employment of women in war industries should be launched at the same time as a drive for the transfer of male labor from civilian industries to war production plants. In this way, women can be utilized in war plants, and, at the same time, those not suited for war production occupations can take the jobs left vacant by men in essential civilian industries.

All available women should be employed before male labor is imported from other areas to fill jobs that might be performed by women.

Liaison Officers are instructed to make sure that this point is impressed upon local agencies charged with administration of the manpower program.

VOLUNTARY REGISTRATION OF WOMEN FOR WAR EMPLOYMENT

Most of the women who must eventually be brought into industry are not now part of the labor market; they are not actively seeking employment, and perhaps have little training or experience. In order to estimate and classify the available reserve of womanpower in a particular area, therefore, it may be necessary to request all women over 16 to 18 years to register. It is important to note that registration is made for the purpose of securing an inventory of available women; registration is not, in itself, a means of recruiting women for war work.

In the recent registration of women which was conducted in the Detroit area, registration cards, or questionnaires, were distributed by the Post Office to every home and dwelling in the area. The cards were then mailed by the women registering to the United States Employment Service. The USES then classified the cards and undertook a recruitment of those women who seemed best fitted for employment.

There are three factors vital to the success of any program for registration of women. *First*, the registration must be given active publicity. *Second*, the registration should be undertaken only when the demand for women in war work is extensive and immediate. *Third*, the registration should be made through an official Federal agency such as the Post Office which has sufficiently wide coverage. Attempts to register women through schools, air raid wardens, or Boy Scouts have had varied degrees of success. Likewise, where city officials have devised systems of registration the results have been bad. The registration must be initiated and sponsored by the proper Federal agencies such as the War Manpower Commission.

Liaison Officers must inform Headquarters of registration of women before lending their backing and support to the program. Likewise, Liaison Officers should oppose any plan of registration which is unsound for any of the reasons set forth above.

COMMUNITY PROGRAMS NECESSITATED BY THE EMPLOYMENT OF WOMEN

The employment of women in factories naturally necessitates the installation of necessary rest room facilities in the plant. Materials for such installations will be given priority over materials for new housing for war workers.

Another necessary program is training. The pre-employment vocational schools should make provisions for the training of women in accordance with specific requirements of employers who expect to hire them. In addition, the companies must be required to set up the necessary in-plant training programs for women after they are on the job. The particular personnel problems connected with the employment of women are well presented in the booklet, "Occupations Suitable for Women," published by United States Employment Service, February 1942. If large numbers of married women with children are drawn into industrial employment, provision must be made for the care of the children while the mother is at work. A separate memorandum on day-care of children of working mothers will be issued later. In the meantime, however, Liaison Officers should impress upon the appropriate community groups the necessity for planning on this score.

ATTITUDES OF ORGANIZED LABOR

In general, labor is not opposed to the employment of women in war industries provided that local unemployed male workers are first absorbed. In every case, however, organized labor groups should be consulted regarding any prospective program for the recruitment and employment of women in industry. Their support and active participation in the program must be secured in advance.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(S) LABOR RELATIONS ACTIVITIES

WAR DEPARTMENT,
HEADQUARTERS, SERVICES OF SUPPLY,
Washington, D. C., August 31, 1942.

SUBJECT: Labor Relations Activities.

To: All Liaison Officers.

1. Because of the pressing importance of certain manpower problems in many areas, it is important that all Field Liaison Officers devote the major portion of their time to the solution of these problems rather than to labor relations matters.
2. In view of the foregoing, Field Liaison Officers should limit their labor relations activities to the following:

- (a) Reporting to Headquarters, S. O. S., any situations which, in their opinion, will very seriously interfere with war production, together with any special recommendations concerning action which may be needed.
- (b) Carrying out specific assignments which may from time to time be given by Headquarters, S. O. S.

For the Director, Civilian Personnel Division:

LEONARD J. MALONEY,
Chief, Manpower Branch.

(T) AWARD OF CONTRACTS TO SEATTLE FIRMS

AUGUST 22, 1942.

MEMORANDUM FOR THE QUARTERMASTER GENERAL.

SUBJECT: Contracts Awarded by Quartermaster Corps in Seattle, Washington.

1. Attached is a list of contracts awarded by Quartermaster Depots to Seattle manufacturers since May 1, 1942. In this period it appears that contracts amounting to over \$4,000,000 for clothing, equipage and general supplies have been placed in this area.

2. At the present time Seattle is faced with a very serious shortage of labor which will be extremely critical within a very few weeks. It is doubtful whether sufficient labor will be forthcoming to meet the mounting demands for workers

by the shipyards, the Boeing aircraft factories, and the Pacific Car and Foundry Tank plant in the Seattle area. A copper refinery at Tacoma has already curtailed operations because of a labor shortage. A strategic plant manufacturing items for the Chemical Warfare Division is unable to operate because of inability to secure labor. In addition, the production of aluminum in this area is threatened for the same reason.

3. In the face of this drastic situation, the textile industry in Seattle has been called upon to expand its employment as a consequence of the new Army orders placed in the area recently. The textile firms are unable to meet the wage scales of other war production plants in the area, and are experiencing rising turn-over of labor. One company, for example, hired seventy-three new workers in the last sixty days, but had sixty quits in the same period.

4. On the other hand, labor supply in other cities is still in excess of demand. For example, there are currently about 400,000 unemployed workers in New York City. The Army has been under criticism for failure to locate more war contracts in the New York area.

5. In the light of the facts set forth above, it is requested that you explore the possibility of transferring as many of your present contracts as possible out of the Seattle area to other areas where the labor supply situation is less critical. The labor now employed by your contractors in Seattle must sooner or later be absorbed by other war industries whose location cannot be changed. The transfer of this labor to other industries, of course, will only result in failure of your contractors to meet delivery schedules, if action is not taken at once to transfer your contracts to other areas.

6. We will be glad to assist members of your organization in recommending areas where your contracts might be placed with the assurance that there will be labor available for successful completion.

For the Commanding General:

JAMES P. MITCHELL,
Director, Civilian Personnel Division.

(U) ACTION TO RELIEVE CRITICAL LABOR SHORTAGE IN BUFFALO, N. Y., AREA

AUGUST 22, 1942.

MEMORANDUM FOR THE CHIEFS OF ALL SUPPLY SERVICES.

SUBJECT: Critical Labor Shortage, Buffalo, N. Y., Area.

1. The production requirements placed upon war industries in the Buffalo, N. Y., area (Erie and Niagara Counties) have created a critical labor supply problem, which will become acute by October 1, 1942. To meet this situation the Manpower Branch of the Civilian Personnel Division, Headquarters, Services of Supply, is initiating a program, with the cooperation of the War Manpower Commission, whereby the available labor market in the Buffalo area will be fully utilized. The program contemplates the recruitment of women, the transfer of workers from nonessential industries to war work, and the use of other methods to meet the labor shortage. If necessary, a curtailment of present production activities in this area will be recommended to prevent a break-down of the present war production schedules.

2. It is apparent that an increase in the number of war contract placements in this area will only serve to aggravate a problem already serious. Such action would tend to require revised estimates of labor needs and would disrupt the application of methods of solution of the labor shortage. In addition, it is extremely doubtful that the labor supply in the area is sufficient to produce or manufacture any additional war material.

3. It is requested that no additional contracts for war material be placed in the Buffalo area, as described above, unless this Division receives prior notice thereof. It is further requested that field procurement officers be advised of the contents of this memorandum.

By command of Lieutenant General SOMERVELL:

JAMES P. MITCHELL,
Director, Civilian Personnel Division.

(V) PRE-INDUCTION TRAINING PROCEDURES

SERVICES OF SUPPLY

CIVILIAN PERSONNEL DIVISION

Manpower Branch

Pre-Induction Training Section

M. M. PEAKE—Chief

JULY 27, 1942.

Agreement has been reached between the Office of Education and the Pre-Induction Training Section, Manpower Branch, Civilian Personnel Division, on the following basic policies and procedures for the Pre-Induction Training Section.

1. The United States Office of Education will act as a channeling agency for the pre-induction education and training, using present machinery and funds now available or hereafter to be appropriated for such training programs as the Army may require.
 - a. Appropriations exist which may be utilized with concurrence of War Manpower Board for training in:
 - 2,600 vocational schools.
 - 3,700 rural community schools.
 - 200 colleges.(These present accommodations are estimated as sufficient to train 200,000 additional trainees per month.)
 - b. Basic training and beginning technical specialization may be offered in 28,000 secondary schools and 1,740 colleges.
 - c. Full-time training to meet critical needs for occupational specialists may be provided for civilian employees of the War Department, who have been selected by the Civil Service Commission in collaboration with the United States Employment Service and local Selective Service Boards from men classified for military service.
 - d. Part-time courses for voluntary enrollment by men of draft age.
 - e. Full-time elective courses offered voluntarily by schools and colleges to their day-school students.
2. The pre-induction training programs offered under this plan will be administered by the United States Office of Education and will be given supervision by the Pre-Induction Training Section, Manpower Branch, Civilian Personnel Division, Headquarters, Services of Supply, to insure achievement of the training objective desired by the Army.
3. There will be established continuous and effective liaison with the Office of Education and the Pre-Induction Training Section, Manpower Branch, Civilian Personnel Division, Services of Supply, for the purpose of making pre-induction training programs most effective through the joint determination and promulgation of policies and procedures within the limits of the legal authority of the two agencies.
4. The cooperation of any other agencies, public or private, which is necessary to implement and effectuate the pre-induction training program, will be sought.

(W) RECOMMENDATIONS OF A CONFERENCE OF MEMBERS OF MANAGEMENT AND LABOR IN NONFERROUS METALS AND LUMBERING INDUSTRIES IN THE WESTERN STATES, HELD IN WASHINGTON, D. C., SEPTEMBER 3-4, 1942

Recognizing the existence of certain basic conditions responsible for the undue migration and transfer of workers from the nonferrous-metal and lumbering industries in the western States with the ensuing curtailment of production which seriously impairs the war effort, it is the sense of this conference called by the Government to increase the production of copper, aluminum, lead, zinc, other nonferrous metals and lumber to meet the needs of the war effort; and

1. That the various agencies of Government concerned should expedite their efforts to remedy the various basic conditions responsible for unnecessary migration including those agencies dealing with wages, housing facilities, tires and transportation, and recruitment for the Armed Services;

2. That as, if, and when it is determined by the Chairman of the War Manpower Commission that specific action is necessary for the promotion of the national war effort, it is the sense of this conference that the attached plan, formulated pursuant to and in accordance with the War Manpower Commission's anti-pirating policy and procedures approved by the Management-Labor Policy Committee, July 16, 1942, appears at present the most desirable instrumentality to attain the end sought;

3. That when such plan is made operative the participants in this conference hereby pledge themselves to cooperate in every practical way with the Government in carrying out such program.

COOPERATIVE PLAN TO PREVENT UNNECESSARY MIGRATION

1. That the following States shall be declared by the Chairman of the War Manpower Commission to be a critical labor area for the purposes of this plan:

Arizona	Utah	Oregon
Colorado	Wyoming	Washington
Idaho	California	New Mexico
Montana	Nevada	Texas

2. The Chairman of the War Manpower Commission shall designate as activities essential to war production all nonferrous metal, mining, milling, smelting and refining and all logging and lumber industries in the critical area named above.

3. The Chairman of the War Manpower Commission shall designate as critical occupations all production and maintenance occupations in the activities essential to war production as named above.

4. After the effective date of this plan, no worker engaged in an essential war production activity shall seek employment in any other activity, whether essential or nonessential to war production, without first obtaining from a designated representative of the United States Employment Service a certificate of separation.

5. No employer in the critical labor area, whether conducting activities essential or nonessential to war production, shall employ any worker who, after the effective date of this plan, had been engaged in a critical occupation in an essential war production activity within the designated critical area except upon presentation of a certificate of separation issued by the United States Employment Service.

6. Each employer conducting an activity listed in paragraph 2 above essential to war production in the designated critical area shall, when work is available, refrain from separating any worker, except in cases of gross misconduct, without the approval of a designated representative of the United States Employment Service. Such approval shall be granted only when continued employment of the worker in his present job will no longer contribute to the war production program.

7. Any worker applying for employment with an employer in any of the industries essential to war production in the designated critical area who feels that he is being denied employment for some reason other than his lack of qualification and physical fitness for performing the job for which he is an applicant, may request a designated representative of the United States Employment Service to intercede in his behalf. The representative of the United States Employment Service will investigate the facts, and if he concludes that the worker is being refused employment on grounds other than lack of qualification or physical fitness for performing the job, he shall endeavor to persuade the employer to reconsider his decision and employ the worker. If an adjustment satisfactory to the worker is not achieved, the case shall be referred to the War Manpower Committee for appropriate action.

8. Any worker engaged in a critical occupation in an essential war production activity within a critical area as designated will upon request, be given a certificate of separation by the United States Employment Service if the circumstances are such that his separation is in the best interests of the war effort, as well as the individual concerned, or if a refusal to grant such separation certificate would result in hardship and injustice to the individual.

The following circumstances are illustrative of what may be considered good ground for separation:

- (a) When the worker is competent to perform higher skilled work than his current employer is able or willing to provide.

- (b) When the worker is employed for a substantial period at less than full time.
- (c) When the distance between the workers' residence and the place of employment is unreasonably great, considering restrictions on the use of gasoline and tires and the load on transportation facilities.
- (d) When the worker has compelling personal reasons for wishing to change.
- (e) When the worker is employed at wages or under working conditions substantially less favorable than those prevailing in the community for the kind of work on which he is employed.

9. Any worker or employer, or group of workers or employers, dissatisfied with any act or failure to act pursuant to this policy shall be given a fair opportunity to present his or their case to the Area War Manpower Committee. Such Committee shall make recommendations concerning such cases as well as other matters pertinent to the carrying out of this policy in its area to the War Manpower Area Director for appropriate action. The Chairman of the War Manpower Commission shall prescribe rules, regulations and procedures for the carrying out of the responsibilities of Area Committees under this policy, including procedures for the review of the recommendations of the Area Committees, by Regional Manpower Committees and by the National Management-Labor Policy Committee. Upon request of the employers, the employee, or the Union, the representative of the United States Employment Service shall present to such Committee his reasons for having granted a certificate of separation.

10. Nothing contained in this plan shall be construed to restrict any employee from seeking advice, aid or representation from the Union of which the employee is a member at any step of the operation of the plan or the Union to intervene in behalf of the employee.

11. Nothing contained in this plan shall change, modify or restrict any collective agreement existing between the bargaining agency of the employees and their employers.

12. At the call of the Chairman of the War Manpower Commission, but within three months after the effective date of this plan, a conference of representatives of management and labor shall be called for the purpose of considering the plan in the light of the experience thus gained. Such modifications or alterations as may be required to meet the problem of war production in the essential activities designated and to avoid injustices and hardships to employers and employees shall be recommended at that time.

(Y) EMPLOYMENT STABILIZATION IN NONFERROUS METAL AND LUMBERING ACTIVITIES, WAR MANPOWER COMMISSION

By virtue of the authority vested in me as Chairman of the War Manpower Commission by Executive Order No. 9139 establishing the War Manpower Commission, and having found, after consultation with members of Management and Labor in the affected industries, and after consultation with affected Federal Departments and agencies, that immediate effectuation of the War Manpower Commission's Policy to Prevent Pirating of War Workers, issued July 16, 1942, is necessary to alleviate serious labor shortages which imperil the Nation's war production program, I do hereby give notice that:

I. The plan set forth in paragraph IV hereof, designed to prevent unnecessary migration of workers, and formulated pursuant to and in accordance with the War Manpower Commission's Policy to Prevent Pirating of War Workers and approved procedures in implementation thereof, is hereby approved, and shall constitute an approved plan for all purposes of the said Policy.

II. The following areas, activities, and occupations constitute, respectively, critical labor areas, essential war production activities, and critical occupations, for all purposes of the War Manpower Commission's Policy to Prevent Pirating of War Workers and of the approved plan set forth in paragraph IV hereof.

- (a) The area comprising the States of Arizona, Colorado, Idaho, Montana, Utah, Wyoming, California, Nevada, Oregon, Washington, New Mexico, and Texas, constitutes a "critical labor area."
- (b) All nonferrous metal mining, milling, smelting and refining, and all logging and lumbering industries and activities carried on within such critical labor area constitute "essential war production activities."
- (c) All production and maintenance occupations in the industries and activities designated as "essential war production activities" in paragraph (b) above, constitute "critical occupations."

III. The aforementioned Policy and approved plan shall become operative on and after September 7, 1942, and shall remain operative until publication by the Chairman of the War Manpower Commission of appropriate notice to the contrary.

IV. Plan to prevent unnecessary migration of certain war workers:

- (a) After the effective date of this plan, no worker engaged in an essential war production activity shall seek employment, whether essential or nonessential to war production, without first obtaining from a designated representative of the United States Employment Service a certificate of separation.
- (b) No employer in the critical labor area, whether conducting activities essential or nonessential to war production, shall employ any worker who, after the effective date of this plan, had been engaged in a critical occupation in an essential war production activity within the designated critical labor area except upon presentation of a certificate of separation issued by the United States Employment Service.
- (c) Each employer conducting an essential war production activity in the designated critical labor area shall, when work is available, refrain from separating any worker, except in cases of gross misconduct, without the approval of a designated representative of the United States Employment Service. Such approval shall be granted only when continued employment of the worker in his present job will no longer contribute to the war production program.
- (d) Any worker applying for employment with an employer engaged in an essential war production activity in the designated critical labor area who feels that he is being denied employment for some reason other than his lack of qualification and physical fitness for performing the job for which he is an applicant, may request a designated representative of the United States Employment Service to intercede in his behalf. The representative of the United States Employment Service will investigate the facts, and if he concludes that the worker is being refused employment on grounds other than lack of qualification or physical fitness for performing the job, he shall endeavor to persuade the employer to reconsider his decision and employ the worker. If an adjustment satisfactory to the worker is not achieved, the case shall be referred to the Area War Manpower Committee for appropriate action.
- (e) Any worker engaged in a critical occupation in an essential war production activity within a critical labor area will upon request, be given a certificate of separation by the United States Employment Service if the circumstances are such that his separation is in the best interests of the war effort, as well as the individual concerned, or if a refusal to grant such separation certificate would result in hardship and injustice to the individual.

The following circumstances are illustrative of what may be considered good ground for separation:

- (1) When the worker is competent to perform higher skilled work than his current employer is able or willing to provide.
- (2) When the worker is employed for a substantial period at less than full time.
- (3) When the distance between the worker's residence and the place of employment is unreasonably great, considering restrictions on the use of gasoline and tires and the load on transportation facilities.
- (4) When the worker has compelling personal reasons for wishing to change.
- (5) When the worker is employed at wages or under working conditions substantially less favorable than those prevailing in the community for the kind of work on which he is employed.
- (f) Any worker or employer, or group of workers or employers, dissatisfied with any act or failure to act pursuant to this plan shall be given a fair opportunity to present his or their case to the Area War Manpower Committee. Such Committee shall make recommendations concerning such cases as well as other matters pertinent to the carrying out of this plan in its area to the War Manpower Area Director for appropriate action. The Chairman of the War Manpower Commission shall prescribe rules, regulations and procedures for the carrying out of the responsibilities of Area Committees under this policy, including procedures for the review of the recommendations

of the Area Committees by Regional Manpower Committees and by the National Management-Labor Policy Committee. Upon request of the employers, the employee, or the Union, the representative of the United States Employment Service shall present to such Committee his reasons for having granted a certificate of separation.

- (g) Nothing contained in this plan shall be construed to restrict any employee from seeking advice, aid or representation from the Union of which the employee is a member at any step of the operation of the plan or the Union to intervene in behalf of the employee.
- (h) Nothing contained in this plan shall change, modify or restrict any collective agreement existing between the bargaining agency of the employees and their employers.
- (i) At the call of the Chairman of the War Manpower Commission, but within three months after the effective date of this plan, a conference of representatives of Management and Labor shall be called for the purpose of considering the plan in the light of the experience thus gained. Such modifications or alterations as may be required to meet the problem of war production in the essential activities designated and to avoid injustices and hardships to employers and employees shall be recommended at that time.

V. All persons are hereby enjoined and directed to observe strictly all provisions of the War Manpower Commission's Policy to Prevent Pirating of War Workers, all provisions of the approved plan set forth in paragraph IV hereof, and all provisions of regulations and procedures issued by the War Manpower Commission in implementation of such Policy and plan.

All Departments and agencies of the Federal Government are hereby directed to take all steps which may be necessary or appropriate to effectuate these provisions and to insure their observance.

PAUL V. M. NUTT,
Chairman, War Manpower Commission.

SEPTEMBER 7, 1942.

EXHIBIT 7.—PLACEMENT OF CONTRACTS IN RELATION TO LABOR SUPPLY

STATEMENT BY JOHN J. CORSON, CHIEF, INDUSTRIAL AND AGRICULTURAL EMPLOYMENT DIVISION, WAR MANPOWER COMMISSION, WASHINGTON, D. C.

The Industrial and Agricultural Employment Division of the War Manpower Commission has directed the attention of contracting officials of the Army, Navy, and Treasury Procurement to the importance which must be attached to the availability of workers before contracts are assigned. It is our position, which we have been able successfully to impress upon the contracting agencies, that if we and they are to meet the production goals set for the war program it is essential that, insofar as a choice of facilities is available to contracting agencies, contracts be systematically placed in those labor markets whose workers have the relatively least chance of contributing to the war production program without such contracts being in their home communities. It is recognized, of course, that strategic considerations, uniqueness of facilities, or the need for speed of delivery will require many contracts to be placed in labor-market areas into which it is already apparent that workers are migrating or will have to migrate to meet presently made commitments.

This Division makes available monthly to contracting agencies a list of communities in which labor shortages are already apparent, in which they are soon to become felt, and a third list consisting of those areas where labor surpluses exist. The Army, the Navy, and the Treasury Procurement officials are making these lists available to every contracting officer with instructions that wherever possible contracts are to be placed outside of a tight labor market. One example of the acceptance by Federal officials of this principle can be found in a memorandum from the Quartermaster General to field purchasing officers dated August 26, which prescribes 11 cities for the placement of contracts. The cities the Quartermaster General selected were Buffalo, Baltimore, Salt Lake City, Los Angeles, San Diego, Norfolk, Sacramento, Portland, Seattle, Indianapolis, and Hartford. The Quartermaster General with all other arms and services of the Army and Navy are expected soon to expand this list of 11 to include every city which we have reported as having or expecting a labor shortage.

EXHIBIT 8.—STATISTICAL DATA ON UNMARRIED SELECTIVE SERVICE REGISTRANTS SUBMITTED BY MAJ. GEN. LEWIS B. HERSHEY, DIRECTOR, SELECTIVE SERVICE SYSTEM, WASHINGTON, D. C.

Number of unmarried selective-service registrants reported as receiving occupational deferment (class II)—first, second, and third registration (ages 20–44 years) continental United States

JULY 31, 1942

State	Number ¹	State	Number ¹
United States.....	828, 534	Montana.....	5, 176
Alabama.....	7, 203	Nebraska.....	9, 470
Arizona.....	1, 760	Nevada.....	869
Arkansas.....	3, 159	New Hampshire.....	2, 510
California.....	75, 051	New Jersey.....	38, 081
Colorado.....	6, 951	New Mexico.....	1, 032
Connecticut.....	20, 493	New York.....	96, 137
Delaware.....	1, 718	North Carolina.....	11, 548
District of Columbia.....	6, 170	North Dakota.....	9, 382
Florida.....	3, 800	Ohio.....	45, 307
Georgia.....	9, 104	Oklahoma.....	5, 885
Idaho.....	5, 808	Oregon.....	7, 175
Illinois.....	49, 608	Pennsylvania.....	72, 269
Indiana.....	16, 992	Rhode Island.....	4, 827
Iowa.....	19, 032	South Carolina.....	4, 166
Kansas.....	14, 506	South Dakota.....	8, 383
Kentucky.....	6, 521	Tennessee.....	7, 595
Louisiana.....	8, 386	Texas.....	19, 460
Maine.....	4, 110	Utah.....	2, 123
Maryland.....	17, 584	Vermont.....	3, 234
Massachusetts.....	36, 673	Virginia.....	12, 065
Michigan.....	31, 705	Washington.....	19, 351
Minnesota.....	31, 523	West Virginia.....	6, 440
Mississippi.....	2, 951	Wisconsin.....	37, 147
Missouri.....	15, 641	Wyoming.....	2, 453

¹ As of July 31, 1942, occupational information on registrants in class II are available for only 10 States. In these States the proportion of class II men in agricultural employment is 39.5 percent. Although information is not available on the marital status of class II registrants, it is known that as of July 31, 1942, a large majority of these registrants are single men.

Estimated number of unmarried selective-service registrants who are not in the armed forces—first, second, and third registrations (ages 20–44 years), continental United States

JULY 31, 1942

State	Number ¹	State	Number ¹
United States.....	2 3, 991, 000	Nebraska.....	32, 000
Alabama.....	62, 000	Nevada.....	8, 000
Arizona.....	16, 000	New Hampshire.....	16, 000
Arkansas.....	26, 000	New Jersey.....	127, 000
California.....	323, 000	New Mexico.....	12, 000
Colorado.....	23, 000	New York.....	561, 000
Connecticut.....	66, 000	North Carolina.....	85, 000
Delaware.....	10, 000	North Dakota.....	27, 000
District of Columbia.....	31, 000	Ohio.....	190, 000
Florida.....	50, 000	Oklahoma.....	38, 000
Georgia.....	57, 000	Oregon.....	37, 000
Idaho.....	19, 000	Pennsylvania.....	308, 000
Illinois.....	189, 000	Rhode Island.....	23, 000
Indiana.....	74, 000	South Carolina.....	38, 000
Iowa.....	72, 000	South Dakota.....	21, 000
Kansas.....	40, 000	Tennessee.....	62, 000
Kentucky.....	53, 000	Texas.....	144, 000
Louisiana.....	56, 000	Utah.....	17, 000
Maine.....	26, 000	Vermont.....	11, 000
Maryland.....	79, 000	Virginia.....	88, 000
Massachusetts.....	160, 000	Washington.....	73, 000
Michigan.....	187, 000	West Virginia.....	42, 000
Minnesota.....	102, 000	Wisconsin.....	124, 000
Mississippi.....	50, 000	Wyoming.....	10, 000
Missouri.....	105, 000		
Montana.....	21, 000		

¹ This excludes 1,150,000 registrants deferred because of physical, mental, and moral unfitness for military service (class IV-F).

² As of July 31, 1942, these unmarried registrants are distributed by selective-service classification in approximately the following proportions: Awaiting induction (class I-A), 17 percent; awaiting local board physical examination (class I), 15 percent; qualified for limited service (class I-B), 13 percent; deferred for occupational reasons (class II), 15 percent; deferred for dependency (class III), 25 percent; deferred for other reasons (class IV exclusive of class IV-F) and not yet classified, 15 percent.

INDEX

	Page
Aircraft industry:	
Extent of expansion.....	13172
Loss of workers to armed services.....	13097-13108
Allocations: Priorities replaced by.....	13185
Armed forces:	
Estimate of requirements.....	13068, 13072-13073, 13171
Recruitment of doctors.....	13091-13093, 13133
Cargo planes.....	13182
Civilian Personnel Division. (See Services of Supply.)	
Committee on Fair Employment Practice. (See Discriminations.)	
Concentration of civilian industries.....	13124, 13194
Concentration orders. (See under Production.)	
Contracts:	
Allocation of, in relation to labor supply.....	13255-13257, 13313
Awards in Seattle, Wash., by Quartermaster Corps.....	13307-13308
Nondiscrimination provisions.....	13294-13301
Placement in labor shortage areas.....	13148, 13153
Purchase Policy Committee for.....	13174
Copper mining. (See Employment, Nonferrous-metal mining States.)	
Day care of children of working mothers: Directive issued by War Manpower Commission.....	13236-13237
Defense migration: In-migration requirements in 35 labor-market areas.....	13248-13250
Directives I-XII issued by War Manpower Commission.....	13231-13242
Discrimination against minority groups.....	13155, 13292-13295
Employment:	
Average monthly turn-over rates, factory workers.....	13244, 13250
Labor policy adopted by Army and Navy.....	13290-13292
Monthly quit rates, factory workers, selected industries.....	13251
Nondiscrimination in employment of aliens.....	13294-13302
Non-ferrous-metal mining States, stabilization of employment in.....	13309-13313, 13148-13149, 13213
Nonwhite employment, selected plants, May 1942.....	13243, 13248
Prevention of pirating of war workers.....	13283-13288
Reasons for high quit rates.....	13245
Requirements for proof of American birth in.....	13281-13283, 13294
Sources of labor supply.....	13115
Employment Service:	
Confusion of authority and objectives under recent legislation.....	13117, 13131, 13152
Control of hiring by.....	13067
Directives issued to, by War Manpower Commission:	
Agricultural workers, to expedite recruitment and placement of.....	13234-13235
Encouragement of transfers to essential occupations.....	13233
Listing of essential activities and occupations.....	13231
Placement priorities.....	13232-13233
Recruiting and clearance of labor.....	13117
Program and policies of.....	13258-13260
Role of, in labor displacement problems.....	13152
Executive Order No. 9139, creating War Manpower Commission.....	13115, 13229-13231
Farm labor: Deferment policies of draft boards.....	13106
Federal employees:	
Classification standards for field service.....	13242
Occupational deferment.....	13239-13241
Transfer and release of.....	13237-13239

	Page
Health: Functioning of in-plant committees on health and safety.....	13218
Housing:	
Conservation of critical materials for, by utilizing local labor..	13302-13303
Directive of War Manpower Commission covering transient agricultural workers.....	13235-13236
Inventories. (See Production.)	
Labor-management production committees:	
Establishment of, under War Production Board.....	13161
Functions, status, and objectives of.....	13065, 13127, 13132, 13150-13152, 13190, 13216-13222
Labor utilization:	
Inspector system for, discussed....	13065, 13094, 13119, 13129, 13155, 13191
Plant inspections by Army and Navy.....	13132
Role of Employment Service in.....	13152
Utilization of minority groups.....	13155
Qualifications and duties of proposed inspector teams.....	13125-13126
Manpower. (See also War Manpower Commission.)	
Action to relieve critical labor shortage in Buffalo, N. Y., area.....	13308
Allocation of.....	13089-13123
Complexities of problem of supply.....	13146, 13193-13194
Concentration of contract distribution, analyzed on basis of labor supply.....	13255-13257
Concentration of war employment.....	13244
Cooperation of agencies to effect fuller utilization of.....	13213-13214
Coordination of control of.....	13090
Coordination of production and manpower planning.....	13118-13119, 13136-13137, 13147-13148, 13153, 13154, 13165, 13258-13260
Estimates of employment and requirements, June 1940 to December 1943.....	13247
Estimates of labor supply and in-migration requirements, by city and industry.....	13248-13250
Increased demands, 1943.....	13113
Inventory of, by Selective Service.....	13095-13096
Loss of trained civilian workers to armed forces.....	13097-13098, 13147
Lowering of standards as supply decreases.....	13107
Maximized use of, through prohibition of volunteering.....	13082, 13123
Procurement of labor in Great Britain.....	13088
Requirements and resources.....	13113-13115
Shortages of, in non-ferrous-metal States, action on.....	13118, 13213, 13309-13313
Total available labor force.....	13115
Utilization of total available supply.....	13155, 13167, 13243, 13303
Waste in use of.....	13134-13136
Materials. (See under Production.)	
National Service Act, discussion of need for.....	13061, 13087-13090, 13120, 13123, 13130, 13139-13140, 13176
Negroes, employment of.....	13243, 13252-13255
Procurement (See Contracts).	
Production Requirements Plan.....	13186-13188, 13222-13225
Production:	
All-out program required for.....	13203
Combined Production and Resources Board.....	13184
Concentration orders.....	13163-13165
Control and recapture of inventories.....	13195-13196, 13208-13211, 13222-13225
Control of, by material supply.....	13172-13173, 13177-13178
Control of civilian production.....	13211-13212
Elimination of materials waste.....	13199
Material allocations.....	13183, 13200-13201
Material distribution.....	13178-13180, 13189, 13204-13205
Material utilization, inspectors for.....	13188-13189
Problems involved in controlling the flow of materials.....	13226-13228
Production Requirements Plan, accomplishments of.....	13186-13188, 13195-13196, 13206
Scheduling of operations.....	13155, 13173-13175, 13180-13183, 13195
Purchase Policy Committee. (See under Contracts.)	
Recommendations: Unemployment benefits for displaced workers..	13157-13161

	Page
Selective Service System:	
Classification of registrants.....	13067, 13072
Deferment of registrants:	
Dependency.....	13080, 13084, 13092, 13102
Farm workers.....	13102-13104, 13314
Occupational deferment. 13068-13071, 13079, 13081, 13234, 13241, 13314	
Policies.....	13099, 13100
Directives to, issued by War Manpower Commission.....	13066-13067
Diversity in application of act.....	13076-13077
Occupational inventory of national manpower by.....	13095-13096
Quota system.....	13075
Reclassification of registrants.....	13067, 13085-13086
Reduction of age limit.....	13083, 13092
Unmarried registrants not in armed forces, July 31, 1942.....	13314
Transfers of classification.....	13100
Services of Supply:	
Civilian Personnel Division: Functions of.....	13056,
13064-13065, 13128, 13262-13263, 13270-13271	
Coordination of labor supply needs of War Department procurement agencies.....	13055, 13058, 13060, 13064
Initiation of action on labor shortage in copper industry.....	13057
Manpower Branch:	
Functions of.....	13263-13277, 13307
Organization charts.....	13269
Policies and procedures.....	13277-13288, 13292-13309
Preinduction training procedures.....	13309
Organization of.....	13261-13262
Statistical data on manpower, prepared by War Manpower Commission.....	13242-13252
Transportation of workers:	
Aid supplied by labor-management committees.....	13219, 13221
Directive issued by War Manpower Commission on.....	13236
Labor policy as conserving equipment and rubber.....	13304-13305
Unemployment compensation for displaced workers, recommendations for.....	13157-13161
United States Employment Service. (<i>See</i> Employment Service.)	
United States Office of Education. (<i>See also</i> Vocational training.)	
Training courses for war-production workers.....	13246, 13251, 13309
Vocational training: (<i>See also</i> United States Office of Education.)	
Enrollments in courses of—	
National Youth Administration.....	13251
United States Office of Education.....	13251
Work Projects Administration.....	13252
Full-time trainees employed by War and Navy Departments.....	13252
Responsibility for determination of policies for war training.....	13065
Training of men subject to draft.....	13167-13168
Types of defense-training courses offered.....	13246
Wages and hours: Determination of wage rates.....	13063
War Department. (<i>See</i> Services of Supply.)	
War Manpower Commission:	
Activities summarized.....	13116-13118
Authority over occupation deferments.....	13123
Cooperation with War Production Board.....	13118,
13122, 13124, 13177, 13192-13193	
Directives issued by.....	13231-13242
Executive order establishing.....	13229-13231
Functions of.....	13058, 13116
Management-Labor Policy Committee.....	13152
Minority groups service.....	13289
Policy on labor piracy.....	13284-13285, 13311-13313
Regional and area offices.....	13116
Relations with other agencies.....	13116, 13276
Organization chart.....	13138
Stabilization of employment in non-ferrous-metal mining States by.....	13117-
13118, 13121, 13122	
Staff members.....	13138
Surveys of labor conditions by.....	13057-13058

United States Employment Service. (<i>See</i> Employment Service.)	
War Production Board. (<i>See also</i> Production.)	Page
Concentration committee-----	13124, 13163, 13212-13213
Cooperation with War Manpower Commission-----	13118, 13122, 13124, 13177, 13192-13193
Directive from War Manpower Commission covering critical war products-----	13232
Divisions of, concerned with manpower problems-----	13189-13190, 13215
Labor-Management Policy Committee-----	13191
Labor-management committees. (<i>See also</i> Labor-management production committees.)	
Functions of-----	13065
Labor Production Division:	
Actions on manpower problems-----	13149-13150
Functions and responsibilities-----	13146, 13162, 13166, 13167, 13169
War Production Drive (<i>see also</i> Labor-management production committees)-----	13161
Women workers:	
Employment and unemployment, July 1940 to June 1942-----	13247
Trends in employment of, durable and nondurable goods industries--	13247
Utilization of womanpower in war production-----	13063, 13114, 13243, 13305-13307



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